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Enhancing the capacity of public administration to implement the United Nations Millennium Declaration

Status of and trends in the development of e-government

Report of the Secretariat

Summary

The present report relates to and builds on the report on the capacity of the public sector to support the creation and application of knowledge, innovation and technology for development (E/C.16/2002/5), which was presented to the Committee of Experts on Public Administration at its first session, in July 2002. It focuses on e-government. It refers to the global e-government survey "Benchmarking e-government: a global perspective" that was published online by the Department of Economic and Social Affairs, Division for Public Economics and Public Administration, in 2002 and presents its main findings. It concentrates on the hypothesis that to date, e-government applications — useful and ubiquitous in parts of the world as they are — have proven instrumental in raising the efficiency and effectiveness of public administration. However, much more has to be done to fully realize their promise and potential to deepen deliberative democracy. This particular application of e-government applications remains of great interest to the United Nations as it is a precondition for good governance and therefore constitutes one of the prerequisites for building a peaceful, prosperous and just world, as envisioned in the United Nations Millennium Declaration. The report suggests that Governments should carefully examine and seriously consider introducing e-government applications to their operations. Furthermore, it suggests that the Division for Public Economics and Public Administration should continue to work in the area of e-government development and, in this framework, expand its policy analysis and development, advocacy and awareness-raising as well as advisory and technical cooperation activities. A strong focus of this work should be on the development and application of e-government to empower people and, particularly, to increase the quantity of their deliberative resources and the number of opportunities to use them in the governing process.

* E/C.16/2003/1.

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I. Introduction

1. At it first session, held from 22 to 26 July 2002, the Committee of Experts on Public Administration reviewed the report on the capacity of the public sector to support the creation and application of knowledge, innovation and technology for development. Among the challenges the Department of Economic and Social Affairs will confront in the area of public administration, the Committee identified the following:

(a) Public sector institutions must become "learning organizations" that are recognized as strong and strategic organizations;

(b) Capacity-building in support of state governance would require the harnessing of the power of information and communication technologies in support of innovation.[1]

2. The Committee encouraged Member States to shift public administration towards a focus on the performance of the whole organization, mission and results, lifelong learning, innovation, life employability with safeguards, horizontal teams and networks, and an outward orientation towards all segments of society. At the same time, the Committee expressed the belief that capacity-building in support of state governance would require capturing knowledge and supporting innovation in the public sector through the building of a learning infrastructure, connectivity and networks and by establishing a legislative network that would be conducive to innovation, encourage private sector investment and promote the use of information and communication technologies (ICTs).

3. Finally, the Committee expressed the belief that public sector institutions could set a powerful example by using knowledge, innovation and technology in their operations. They could transform those operations by encouraging transparency and accountability, improving service delivery, providing services in a citizen-centred way, and making available knowledge and technology that is publicly owned. This confirms the link between governance and transformative innovation in public administration that is supported by knowledge, innovation and technology and, more specifically, by ICT.

II. E-government

4. In any society, the nature of governance hinges to a great extent on the performance and behaviour of the Government. Governments are public organizations through which societies pursue development objectives. Their major functions include the following:

(a) Seeking legitimacy by articulating consensus reached by the sovereign body;

(b) Responding to society's needs, demands and proposals (via aggregating those needs, demands and proposals and producing solutions);

(c) Making itself accountable to the oversight body (via transparency).

5. E-government is a government that seeks to optimize its functions by transforming internal and external relationships with the use of ICT. However, this optimization should not be seen as being about administrative convenience or

automation alone. The link between government (eo ipso e-government) and governance allows relating e-government development to support for the desirable system of governance.

6. The United Nations Millennium Declaration[2] provides an important background for this analysis. It ties its vision of the peaceful, prosperous and just world, and specifically achievement of selected development goals, to "good governance within each country".[3] It records the determination of the Member States "to spare no effort to promote democracy and strengthen the rule of law, as well as respect for all internationally recognized human rights and fundamental freedoms, including the right to development",[4] "to strengthen the capacity ... to implement the principles and practices of democracy"[5] and "to work collectively for more inclusive political processes, allowing genuine participation by all citizens in our countries".[6] Furthermore, it confirms the resolve of the Member States "to ensure ... the right of the public to have access to information".[7] What is described here is democratic, participatory governance that empowers people and serves as a means for human development.

7. Placing the development of e-government in this context gives answers to several important questions. It provides a goal against which progress in the development of e-government, that is, the empowerment of people and the contribution to their human development, can be measured. It establishes a domain for this kind of e-government development, that is, all people everywhere. It describes the modality that serves this purpose, that is, participatory, deliberative democracy. All this places ICT application in public administration operations in the position of a servant of people-centred governance, a vehicle for bringing people closer to the United Nations vision of peace, prosperity and justice for all.

III. Benchmarking e-government: 2002 survey by the Department of Economic and Social Affairs

8. There is little doubt, that in the course of the last five to seven years, e-government development has experienced a growth rate that can only be described as explosive: it has grown from 50 official home pages in 1996 to 50,000 web sites in 2001. As this expansion and its actual and potential impact on public administration cannot be overestimated, the Division for Public Economics and Public Administration, in cooperation with the American Society for Public Administration, has undertaken an effort to measure this growth. In May 2002, a global survey of e-government entitled "Benchmarking e-government: a global perspective — assessing the progress of the UN Member States" was published online.[8] It ranks the countries in the world according to an index that has been developed to capture the capacity (or lack of it) of countries to sustain e-government development.

9. As the text says, "this study ... is in itself a challenge as it attempts to balance both the abstract and the tangible ...". Its results are derived from statistics, evaluation of web sites, interviews and replies to a questionnaire. The e-government index reflects statistical analysis of telecommunication infrastructure, human capital, access to information and the urban/rural divide. Some 1,900 web sites have been reviewed for presence, content, services and information available, as compared with a "scale" marked by the presence (or absence) of applications that

are considered to be fundamental, as well as some other, mainly technical features. Replies to the questionnaires have been supplemented by personal interviews and e-mailed opinions.

10. The survey has found Governments playing the dual role of enablers and users of ICT in public administration. Governments have been found to formulate visions, strategies and plans for e-government development, to determine the regulatory policies and structures and to fund e-government development. They have been using ICT to enhance internal administrative practices, deliver information and services and interface with citizens in the process of governing.

11. Development of the E-government index allowed ranking of the Member States according to their advancement in areas endemic to e-government development (see annex). The index was calculated for 169 countries. Its average value for the world was 1.62. The United States of America was ranked first, with the countries of the Organisation for Economic Cooperation and Development only among the first 10 countries in the world. By region, Norway was first in Europe, with the Czech Republic scoring highest among the European countries with economies in transition. In Africa, Egypt was leading, with South Africa scoring highest among the countries of sub-Saharan Africa. In Asia, Singapore was leading, as was Brazil in South America, with the Bahamas ahead of the other Caribbean countries and Costa Rica ahead of the rest of Central America. In North America, the United States was ahead of Canada and Mexico. Of the 35 countries with deficient e-government capacity, that is, those scoring below 1.0, 25 were in Africa.

12. Roughly half of the countries surveyed featured national Government web sites. The others featured both national and subnational web sites. A total of 36 countries had established single entry points, and only 17 had online transaction capacity.

13. The survey established a scale for assessing web sites that went from emerging (mostly information materials, 32 countries) to enhanced (more sites, more dynamic information, 65 countries), interactive (downloading, e-mailing, 55 countries), transactional (online payments, 17 countries) and seamless (full integration of e-services across administrative boundaries, no countries).

14. Responses to the questionnaire have revealed that the body of experience with e-government development has been growing. The understanding of factors that have a positive impact on the development of e-government has deepened. It has gone beyond the initial preoccupation with the state of the telecommunications infrastructure to include strength of human capital, professional administrative culture, confident public administration, conducive legal and regulatory framework and committed national leadership as well as strong political will that is translated into a vision, plan and financial support. By and large, the enabling environment is understood now to comprise compelling reasons for the Government to go online, its ability to go online and, perhaps even more important, to stay online, and the compelling reasons for the public to go and stay online. The perception of security, easiness and real gain seem to guarantee the latter. A response to pressing national priorities that require optimization of government functions (as a reason for e-government development) seems to guarantee the broadest and strongest support for this effort.

15. Among the factors that hamper e-government development, weak institutions and weak skills top the list. They negatively impact the crucial backroom capacity for providing online services. So does culture that rejects change, especially change that is supported by new technology. Weak technological infrastructure and weak funding capacity are other factors. Furthermore, countries very often regulate themselves in ways that make e-government development difficult. A sustained monopoly on telecommunications is known to lower ICT affordability. No legislation that protects intellectual property or guarantees reasonable levels of privacy is known to hamper demand. The level of synchronization of e-government development on the interdepartmental level remains, as a rule, low, as does the effectiveness of the national e-government management teams, if they exist.

16. The final finding of the survey is of great importance for the work of the United Nations in this area. Many academics as well as civil society representatives and politicians are becoming aware of the gap that exists between the promises contained in most vision and strategic documents and the reality of e-government development. While the prevailing e-government applications focus on the objectively useful transactions with the Government and services by the Government and tend to be skewed to the needs of the business sector, the policy documents promise superior governance, increased citizen participation, open communication, increased social inclusion, enhanced transparency.

17. A related issue concerns the blurring in many studies and reports of the notion of a "consumer" with that of a "citizen". It becomes increasingly clear that, especially at this juncture of e-government development, one has to recognize that private individuals lead two separate lives as far as relations with the Government are concerned. First, they lead the life of consumers of public services. As such, they can greatly benefit from e-government applications that increase the effectiveness and efficiency of service delivery, often improving its geographic outreach. Second, they lead the life of citizens, eo ipso members of the ultimate oversight body of the Government, potentially and actually poised to actively participate in the process of decision-making, governing. This distinction has a great analytical value. In discussions about the impact of e-government, the impact on individuals as customers and as citizens should be distinguished, separated and measured. Both are important as they can add value to people's lives in both these aspects. In real life and in the analysis of real life, one should never be substituted for the other.

IV. E-government at the crossroads

18. No one should attempt to impose limits on the development of technology. People should be cautious, however, in defining the societal context in which they want to live and therefore the limits on the use of technologies so that these technologies can serve and enhance the chosen context, not redefine it. This thesis applies also to ICT in the hands of public administrations. An author writes:

> "... an unfortunate shortcoming of technology assessment is that it tends to see technological change as a cause and everything that follows as an effect or impact ... After the bulldozer has rolled over us, we can pick ourselves up and carefully measure the tread marks ... Social activity is an ongoing process of world making ... As we make things work, what kind of world are we making?

> Are we going to design and build circumstances that enlarge possibilities for growth of human freedom, sociability, intelligence, creativity and self-government? Or, are we headed in an altogether different direction?"[9]

19. It is not true that technology and its application "just happens". It happens as a result of a policy decision that responds to an interest. The same author quotes Plato, who when faced with the technology of a seagoing ship considered it a practical necessity that it must function in a societal context of one captain and an unquestionably obedient crew. This has held true for the past 2,500 years. The same ship, once moored, needs only a night watchman. Considering the transformative power of ICT and the role that Governments play in the systems of governance, in the context of e-government development, the choice between "world-making" and "examining tread marks" has become pressing and all-important.

A. Ongoing world-making efforts

20. The United Nations Millennium Declaration can be viewed as a complete matrix for a global world-making effort. It describes a desirable societal context of peace, prosperity and justice for all. It defines a number of very concrete goals that, if achieved, would bring the world closer to that societal context. It points to "good", i.e. participatory, democratic governance as a modality of choice for achieving these goals. At the same time, recognizing the fact that democratic government is the rule of the majority over a minority and democracies have an unfortunate track record of oppressing and marginalizing minorities, it defines six values as a reference for decision-making by everyone, including democratic governments: freedom, equity, solidarity, tolerance, respect for nature, shared responsibility. As mentioned above, it is in this societal context that the United Nations wishes to see and analyse the development of e-government. The use of ICT in public administration should serve to consolidate this societal context, as defined in the United Nations Millennium Declaration; not redefining it in a diminished way.

21. Other overlapping and mutually reinforcing "world-making efforts" can be identified. One is the quest for human development. Implementation of the Millennium Development Goals would bring the world much closer to this ideal. To use the words of Amartya Sen, "Expansion of freedom is ... both the primary end and the principal means of development. Development consists of the removal of various types of 'unfreedoms' that leave people with little choice and little opportunity."[10] It is a quest for the development of human capabilities through the development of human resources and the creation of opportunities to use these capabilities. Many a government proclaims and actually strives to raise the quality of life of its citizens. Such efforts fall into the global quest towards human development.

22. Another world-making effort builds a knowledge society in which concepts determine the way in which we live and work and add more value to goods and services than any other factor of production. Whether this process is recognized and called by its proper name (that is, transition to knowledge society) or not, every development or regulation that strengthens the knowledge acquisition systems; frees human creativity; allows it to be harvested better and channelled into the social, economic and political life, brings a society closer to this new stage of development.

23. One more world-making effort builds liveable communities and States. These are communities and States that endeavour to cater to the needs and respond to the values of the knowledge workers. Some claim that the "ideo-poleis" in California and in Massachusetts are the first real-life examples of such communities.

24. Finally, an analysis of the changing role of the State seems to indicate that the next stage of government development will be in the direction of a more transparent and accountable government. Such a government derives its legitimacy from a well-informed consensus among its citizens and plays the role of guarantor of the public space — a constantly broadening space that would be ruled by a set of laws that would require all public agents, private individuals performing public functions, public institutions and private firms engaged in the delivery of public goods to behave in a certain way, as public servants do.

B. Driving forces behind e-government development

25. Most of the driving forces behind e-government development follow parts of this world-making agenda. From the point of view of that agenda, no one would object to the national New Public Management coalitions that pursue increased efficiency and effectiveness in public administrations. The New Public Management revolution, where it works, embraces application of ICT in public administration. This brings savings, especially in personnel costs, and raises the quality of public services. It can increase the inflow of revenues. As a result, it can even have a favourable impact on the macroeconomic outlook of the country concerned. Effectiveness and efficiency-conscious knowledge workers are also after the cost and quality of government services.

26. Social development-conscious politicians and civil society organizations see in e-government an instrument for better labour market management, for closing the geographic divides in the supply of public services. The lobby for job creation and small and medium-sized enterprises embraces e-government as a potentially important tool for bringing the market entry and transaction cost down: by curtailing corruption; by cutting the cost and time required to obtain various licences; by offering to small and medium-sized enterprises services that only much larger firms could normally secure; by creating a platform for e-commerce. The international and local business lobby needs digitized data, especially in the trade and financial sector, speed of communication and increased level of transparency. All these are important elements of the development environment. Human development and economic growth can be supported by them.

27. As mentioned before, e-government also offers opportunities for governance development. This potential needs a political coalition behind it in order to be utilized. It needs a strong and focused support coalition, as deepening democracy in the world may indeed be the one single accomplishment that is capable of broadly opening avenues to a more peaceful, prosperous and just future. If e-government can be instrumental in this process, it deserves attention and support at many levels, from many social domains and throughout the world.

C. E-government and the balance between democratic politics and market economics

28. In order to play well their role as pillars of economic growth and human development, both democratic politics and market economics must be given a chance to perform at their best. Additionally, there is an obvious interdependence between the two and some of it may lead to friction. Markets are social institutions and as such can be shaped and regulated by results of the political process. Ideally, they should fit into the societal context that results from the world-making visions societies espouse. If they cannot fashion themselves in such a way by themselves, messages from civil society or regulations that result from the political process do this job. On the other hand, democracies are known to have collapsed when markets have not functioned. As one strengthens, so should the other.

29. For now, markets have embraced ICT and have benefited from it. ICT has made them much stronger. There are even developments that seem to indicate that, with skilful exploitation of ICT by the markets, the invisible hand may start to be directed by remote control. This would signify a systemic change with great consequences. The mixture of the culture industry with geo-demographic systems and vast electronic consumer databases may reverse the relationship between markets and consumers that is supposed to underpin free, competitive markets.[11] Interpretation of individuals through a very limited number of behavioural variables can misdirect markets. However, in order to secure high quality of life, they need to respond to the real consumer needs, not to a demand that has been generated in a computer and forced on consumers by the culture industry. Such processes can exacerbate the old spectra of alienation and limited personal fulfilment. They can diminish equality for the sake of freedom through abundance. They can emerge at any level of income, as they are relative and they hinge on perceptions.

30. All this becomes even more important as societies move in the direction of a new driving force — knowledge. Focusing on knowledge raises the premium for looking forward and reacting to the unexpected, not for simplifying the past and extrapolating it with the use of computer models.[12] Even if the markets can correct themselves, as all this concerns phenomena of crucial importance, careful scrutiny of these trends is needed. Only strong democratic politics can play such an oversight role.

31. The pressures of "e-market economics" add to the complexity of the world. This complexity has grown recently because of an increase in the number of relationships that are politicized, require political resolutions (that is, resolutions that are negotiated, compromised, agreed or imposed). Globalization on its own multiplies relationships that have to be negotiated through a political process. In the case of globalization, the feeling of complexity is exacerbated by the realization that many of these political resolutions are now being negotiated outside the national context, in a non-national sphere, with very little transparency or accountability: the global polis lacks an effective global agora. However, easily accessible, high-quality, user-friendly information about these processes would go a long way towards demystifying this emerging complex world. Governments can use ICT to reorganize for production and delivery of such information to citizens. Citizens can hold them accountable for that.

32. This would be one of the many steps necessary to increase the number of deliberative resources in the world. Economic pressures that limit time, energy, attentiveness and interest in public affairs cause a deficit in this area. As the number and complexity of politicized issues grow, citizens discover that they lack substantive experience and expertise. Skills to deliberate and to network are also in short supply. In some situations, citizens lack a voice. In too many situations in the world, it is still dangerous to find and use a voice. In others, political correctness registers a triumphant comeback.

33. It is a sad truth that, in some democratic societies, resources for violence are far more accessible and protected than deliberative resources. An author notes: "... democracy works poorly when individuals hold preferences and make judgments in isolation from one another, as they too often do in today's liberal democracies ... When individuals lack opportunities, incentives and necessities to test, articulate, defend, and ultimately act on their judgments, they will also be lacking in empathy for others, ... information, and [will be] unlikely to have the critical skills necessary to articulate, defend and reverse their views. For this reason, deliberative experiences should be extensively empowered and protected by democratic mechanisms and widely dispersed throughout the institutions of State, economy and civil society."[13] Governments can use ICT to reorganize for increasing the supply of deliberative resources to citizens. Citizens can hold them accountable for that.

34. Citizens can demand from Governments timely provision of high-quality (for example, truthful, user-friendly), politically useful information and hold them accountable for its delivery. Governments can reorganize and use ICT to cope with this task. With the potential of ICT available to Governments, transparency and disclosure can become a norm. It would greatly increase incentives for private persons to engage in public debates, if ICT in the hands of Governments allows them to become well-informed and well-prepared, even "five-minute" activists. With the use of ICT, Governments can reorganize to actually allow citizens to network with them for the sake of governing via a deliberative process. The biggest part of this reorganization would include a mechanism through which Governments are actually obliged to pay attention. This would go far beyond e-voting.

35. In order to act as citizens, private persons need not only deliberative resources, but also the public sphere, an institutional arena for discursive interaction. Throughout the world, the public sphere tends to be marred by imperfect separation with government (political correctness) and imperfect separation with market (most means of public discourse are operated for profit in an increasingly monopolistic environment). It also tends to suffer from collusion between the Government and the market in shaping the supply of information. Increasing the number of deliberative resources available to citizens would go a long way towards straightening out these aberrations. In addition, as mentioned above, e-government applications that focus on ICT-supported transparency in public administration (as well as businesses) can mend another important imperfection of public sphere in the world, that of the lack of access to information about government (and business) activities and their outcomes.

36. However, by protecting human rights and freedoms, and particularly by guaranteeing freedom of speech, association and assembly, also online, Governments can revolutionize the public sphere. Ubiquitous and affordable, wireless communication appliances using broadband technology can open up

opportunities for limitless networking in large parts of the world in the next 5 to 10 years. They are fully capable of bracketing inequalities of status: affordable ICT is status-blind. With freedoms guaranteed, they can gradually create a new, very broad political class that would consist of multifaceted, networked individuals. It would be in the interest of the public administrations to network with such individuals and with the domains of shared interest that can be created by them. As mentioned above, Governments are just organizations through which societies achieve their development objectives. Societies consisting of networked individuals are free to bypass the Governments that feature little legitimacy or capacity to aggregate societies' needs, demands and proposals and to provide satisfactory solutions. Equally, they can network with Governments for the sake of governing. Existing experiments show that e-government applications can be designed around this trend, speed it up and use it for broad social benefit.

37. Parenthetically, one can admit that, in this situation, a debate about representative democracy versus direct democracy may be necessary. ICT is pushing the world in the direction of eliminating intermediaries, and elected representatives are well advised to start demonstrating the advantage and value that they add to the political process if they intend to remain an element of the political landscape of the future.

38. Somewhat connected with the decline in deliberative capacities is the rise of authority in today's liberal democracies. Increasingly, experts within and outside the Government answer the crucial "why" and even "what" questions in the political process, not the private persons who act as citizens. While any democracy assumes partial and/or temporary suspension of political judgement by the public at large, in the age of ICT, the boundaries of this suspension can be pushed back. Improved information flow from the Government as well as networking of the Government with the citizens can go a long way towards ending the monopoly on judgement by various authorities. Governments can use ICT to reorganize for developing the citizenry, for educating the public about the complex issues of the State. Citizens can hold them accountable for that.

39. Finally, in the ICT-dominated world, Governments can become not only protectors of human freedoms but especially guarantors of privacy. Privacy is a difficult-to-define, culturally specific, as a rule poorly protected and politically contested concept. Yet, it is a value that provides the conditions for enjoyment of human rights and freedoms, for discovery and development of individual identity. Governments can set examples for dealing with privacy issues in the framework of e-government applications. They can also regulate and limit the attempts of the market to invade the privacy of consumers.

40. Democratic politics that feature citizens with weak deliberative resources in a constrained public sphere; democracy in which a lack of high-quality political information, rampant ideology and authority prevail can hardly be expected to constitute a balancing force for market economics augmented with ICT. This is worrisome from the systemic point of view. Perhaps, equally important, they can hardly constitute the force on which implementation of the United Nations Millennium Declaration can rest. On the other hand, ICT in the hands of Governments, if it focuses on strengthening the deliberative resources of the citizens, on broadening and freeing the public sphere, on increasing transparency

throughout the society, have the power to become an important, positive driving force in all the world-making efforts aimed at human development.

41. Thus, at the early stages of its development, e-government seems to have found itself at a crossroads. Raising awareness of its unused potential as a tool for deepening democracy and advocating the use of its power in such a way have become important obligations for the United Nations and for the world community of concerned analysts and practitioners of e-government applications.

V. Tools for building up awareness and advocacy efforts

42. There is a lack of diverse and effective tools for building awareness and advocacy efforts around e-government development and specifically around the use of e-government for deepening democracy in the world. Yet, directing the e-government development effort towards governance development would require such tools. They focus attention and convey a compelling message. While their development must become an ongoing effort shared by many, certain principles for their development can be established:

(a) A shift should occur in the various systems that measure and compare e-government development in the world from quantitative and technical excellence indices towards qualitative indices;

(b) Rankings must reflect agreed values and objectives, with empowerment of people and deliberative democracy featuring prominently among them.

43. By way of example, a scale for comparing the content of various e-government web sites that adopts the objective of strengthening deliberative democracy as its prevailing principle might have the following values (from lowest to highest):

- Transactions with the Government;
- Services by the Government;
- Access to publicly owned information and knowledge;
- Access to information about government activities and their societal outcomes;
- Supply of deliberative resources;
- Connectivity with government for the sake of governing via open and informed debate.

44. A scale for comparing various e-government web sites that adopts the objective of high-quality politically useful information (in the framework of increasing the deliberative resources available to citizens) as its prevailing principle might have the following values (from lowest to highest):

- Posting original, unaltered texts;
- Original, unaltered texts with downloading and search capacity;
- Supply of thematic briefs based on original texts;
- Issue-specific thematic briefs;
- Issue-specific, user-friendly thematic briefs "on demand".

VI. Conclusions and recommendations

45. **While policies for e-government development must remain within the domain of sovereign decisions of Member States, Member States should carefully examine and seriously consider the introduction of suitable e-government applications to the operations of their public administrations. Such applications have the potential to raise the effectiveness and efficiency of these operations; to raise the performance standards and image of the public administration; and to serve well the overall developmental goals adopted by the society.**

46. **As the United Nations Millennium Declaration is concerned with the quality of local governance systems, the Department of Economic and Social Affairs should devote further efforts to analysis, policy development, awareness-raising, advocacy, advisory services and technical cooperation that supports the use of e-government for development, and especially for good governance, including deepening democracy in the world.**

47. **Within this context:**

(a) **The Department of Economic and Social Affairs should continue to publish the global e-government survey on an annual basis;**

(b) **Data collected and analysis presented in the Department's survey should give special attention to the use of e-government for deepening democracy;**

(c) **Over time, appropriate tools for benchmarking such a use of e-government should be developed and should become part of the methodology applied by the survey.**

48. **The Department of Economic and Social Affairs should involve leading thinkers and practitioners in the world — from within the United Nations system, from other multilateral organizations, Governments, business and civil society — in visualizing future ICT development and its impact on governance.**

49. **The Department of Economic and Social Affairs should play an active role in the forthcoming World Summit on the Information Society (Geneva, December 2003), offering insights into its analysis and operational work related to e-government development.**

50. **The Committee should suggest to the Economic and Social Council that it should devote one of its high-level discussions to e-government and specifically to e-government and development of democracy.**

Notes

[1] See E/2002/84, paras. 17-25.

[2] See General Assembly resolution 55/2 of 18 September 2000.

[3] Ibid., paragraph 13.

[4] Ibid., paragraph 24.

[5] Ibid., paragraph 25.

[6] Ibid.

[7] Ibid.

[8] See http://www.unpan.org/egovernment2.asp.

[9] See Langdon Winner, *The Whale and the Reactor: A Search for Limits in the Age of Technology* (Chicago, The University of Chicago Press, 1986).

[10] See Amartya Sen, *Development as Freedom*, 1999.

[11] See Jon Gross, "We know who you are and we know where you live: The instrumental rationality of geo-demographic systems", *Economic Geography*, vol. 71, issue No. 2, April 1995. See also: Charles Hamdy, *The Age of Paradox* (Harvard Business School Press, 1995); W. Lane Bennet, "The UnCivic Culture", *Political Science and Politics*, vol. 31, issue No. 4, December 1998.

[12] See Yogesh Malhotra, "Knowledge assets in the global economy: assessment of national intellectual capital", *Journal of Global Information Management*, July-September 2000, 8(3), 5-15, and also at http://www.kmnetwork.com/intellectualcapital.htm.

[13] See Mark E. Warren, "What should we expect from more democracy: radically democratic responses to politics", *Political Theory*, vol. 24, issue No. 2, 1996.

Annex

E-government index (2002)

Global Index 1.62

High e-gov capacity (2.00-3.25)		*Medium e-gov capacity (1.60-1.99)*		*Minimal e-gov capacity (1.00-1.59)*		*Deficient e-gov capacity (Below 1.00)*	
United States of America	3.11	Poland	1.96	Armenia	1.59	Cameroon	0.99
Australia	2.60	Venezuela	1.92	Brunei Darussalam	1.59	Central African Republic	0.98
New Zealand	2.59	Russian Federation	1.89	South Africa	1.51	Ghana	0.98
Singapore	2.58	Colombia	1.88	Paraguay	1.50	Nepal	0.94
Norway	2.55	Latvia	1.88	Cuba	1.49	Thailand	0.94
Canada	2.52	Saudi Arabia	1.86	Philippines	1.44	Congo	0.94
United Kingdom	2.52	Turkey	1.83	Costa Rica	1.42	Maldives	0.93
Netherlands	2.51	Qatar	1.81	Panama	1.38	Sri Lanka	0.92
Denmark	2.47	Lithuania	1.81	Nicaragua	1.35	Mauritania	0.91
Germany	2.46	Ukraine	1.80	Djibouti	1.35	Bangladesh	0.90
Sweden	2.45	Bahamas	1.79	Dominican Republic	1.34	Kenya	0.90
Belgium	2.39	Hungary	1.79	Trinidad and Tobago	1.34	Lao People's Democratic Republic	0.88
Finland	2.33	Greece	1.77	Indonesia	1.34	Angola	0.85
France	2.33	Jordan	1.75	Jamaica	1.31	Haiti	0.84
Republic of Korea	2.30	Bolivia	1.73	Iran (Islamic Republic of)	1.31	Mauritius	0.84
Spain	2.30	Egypt	1.73	Azerbaijan	1.30	United Republic of Tanzania	0.83
Israel	2.26	Slovakia	1.71	India	1.29	Senegal	0.80
Brazil	2.24	Slovenia	1.66	Kazakhstan	1.28	Madagascar	0.79
Italy	2.21	Mongolia	1.64	Belize	1.26	Zimbabwe	0.76
Luxembourg	2.20	Oman	1.64	Barbados	1.25	Burkina Faso	0.75
United Arab Emirates	2.17	Ecuador	1.63	Guyana	1.22	Zambia	0.75
Mexico	2.16	Suriname	1.63	Honduras	1.20	Mozambique	0.71
Ireland	2.16	Malaysia	1.63	El Salvador	1.19	Sierra Leone	0.68
Portugal	2.15	Romania	1.63	Guatemala	1.17	Cambodia	0.67
Austria	2.14	Belarus	1.62	Gabon	1.17	Comoros	0.65
Kuwaiti	2.12	Peru	1.60	Turkmenistan	1.15	Guinea	0.65
Japan	2.12			Uzbekistan	1.10	Namibia	0.65

Global Index 1.62

High e-gov capacity (2.00-3.25)		*Medium e-gov capacity (1.60-1.99)*		*Minimal e-gov capacity (1.00-1.59)*		*Deficient e-gov capacity (Below 1.00)*	
Malta	2.11			Viet Nam	1.10	Togo	0.65
Iceland	2.10			Samoa (West)	1.09	Gambia	0.64
Czech Republic	2.09			Côte d'Ivoire	1.05	Malawi	0.64
Argentina	2.09			China	1.04	Mali	0.62
Estonia	2.05			Pakistan	1.04	Ethiopia	0.57
Bahrain	2.04			Nigeria	1.02	Chad	0.55
Uruguay	2.03			Kyrgyzstan	1.01	Niger	0.53
Chile	2.03			Botswana	1.01	Uganda	0.46
Lebanon	2.00			Tajikistan	1.00		

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Enhancing the capacity of public administration to implement the United Nations Millennium Declaration

Basic data on the public sector

Report of the Secretariat

Summary

In following up the recommendations of the fifteenth session of the former Ad Hoc Group of Experts on the United Nations Programme on Public Administration and Finance, the Division for Public Economics and Public Administration of the Secretariat developed a set of public sector indicators, which were made available in both electronic form (at www.unpan.org) and in printed form (*World Public Sector Report: Globalization and the State*). That effort stands out as the only readily accessible source of indicators that present the size and major functions of the public sector in the world. In view of the increased interest in government activities and government accountability, as well as transparency, there is a need to improve and expand the current set of indicators. Therefore, it is proposed to expand the list of indicators to include an output indicator of overall efficiency and accountability of public sector financial management. That indicator is considered to be paramount in its importance and therefore is included in tier 1 of the proposed indicators. If additional indicators are desired, the Committee of Experts is invited to select from two additional indicators proposed in tier 2: human and political rights, and the judicial system. If the Committee desires to select yet additional indicators, three indicators within tier 3 are suggested: decentralization of public sector activities and grass-roots involvement, legislating privacy in e-commerce, and a financial sector safety net. The present report recommends adopting such an expanded set of indicators as a basis for the evolution of current basic data on the public sector into the global public sector monitor.

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I. Introduction and summary discussion of the first session

1. The present report represents the continuation of a discussion on collecting and making available internationally comparable data on the public sector, an effort undertaken in collaboration between the Division for Public Economics and Public Administration of the Secretariat and the former Group of Experts of the United Nations Programme on Public Administration and Finance, which got under way during the fourteenth session of the former Group of Experts, in 1998. Following the recommendations made at that session, the Division elaborated and presented to the former Group of Experts at its fifteenth session a framework for the collection of such data (see ST/SG/AC.6/2000/L.2). That framework described the functions of the state as regulator, tax collector, producer, consumer and provider of cash transfers and subsidies, as well as employer.

2. Subsequently, as a result of discussion during the fifteenth session of the former Group of Experts and further elaboration of the framework of indicators for measuring the public sector, the set of indicators published in electronic form at www.unpan.org included the following five measures:

- Government and public employment as a percentage of population
- Government consumption as a percentage of gross domestic product (GDP)
- Central government expenditure as a percentage of GDP
- Central government expenditures by type and by function, as a percentage of all central government expenditure
- Central government tax revenue as a percentage of GDP.

The concept and indicators were presented in part two of the *World Public Sector Report: Globalization and the State*.

3. Two thorny issues that were raised from the very beginning of the discussion about the scope of indicators for measuring the public sector remain unresolved. Although within those five categories some data can be collected and presented in an internationally comparable way, the lack of data in other cases makes the task difficult. Also, the lack of readily available data at the subnational level allows for the presentation of a partial picture only.

4. Subsequently, at the first session of the Committee of Experts on Public Administration, a set of additional indicators was proposed in five areas: maintenance of the public sphere; knowledge acquisition; a web-based platform for work and life; entrepreneurial development; and links between the local and the global levels. The Committee's discussion at that session was enlightening to the Secretariat. The Committee's broad comments were that the indicators should be tied to the public sector only. The focus should be on services, support to the legislative process, accountability and audit functions of government. In addition, the Committee felt that the Secretariat should focus on output (outcome) indicators, rather than just input indicators. Moreover, where feasible, the Secretariat should involve national statistical agencies and other national players in its utilization of existing data. Regarding the fifth of the original five indicators proposed, namely, central government tax revenue as a percentage of GDP, the Committee felt that money was important, but as important was, inter alia, the volume of things that the government controls, the number of regulations, licences and approvals.

5. Regarding the seven indicators suggested supplementary to the original five, namely: total public revenue as a percentage of GDP; public debt (total and per capita); ratio of debt service to recurring revenues; international ranking of public debt; domestic ranking of local debt (BIS ratio); tax expenditures as a percentage of total tax revenue; and percentage of total central revenues spent at the local level, the Committee found the last of the foregoing indicators to be particularly interesting.

6. Under the maintenance of the public sphere rubric, three indicators were proposed: ownership (state, for profit, not for profit) of newspapers, radio and television stations; description of ways in which the government budget is disclosed to the public at large; and status of ratification of human rights conventions. Concerning the last of those indicators, the Committee pointed out that application rather than ratification was relevant.

7. Regarding the knowledge acquisition area, four indicators were proposed, namely: public expenditures on research and development as a percentage of military budget; number of internationally registered patents, school enrolment ratio at all three levels of education (by gender); and foreign direct investment as a percentage of total investments. As to the third indicator, it was proposed that the net enrolment rate was more appropriate; regarding the fourth indicator, it was pointed out that the percentage of foreign direct investment in local business is a sign of business confidence in general.

8. As to the web-based platform for work and life, five indicators were proposed, namely: infrastructure for wireless, broadband connectivity; number of cell phones per 100 population; number of Internet hosts per 100 population; cost of Internet connection; and e-government applications (list and description of existing applications, with links to them and/or e-government index). Regarding the third indicator, the Committee felt that it was more appropriate to consider the users of the Internet, rather than hosts, or the number of cybercafés.

9. With regard to the entrepreneurial development area, two indicators were proposed, namely: number of steps needed for business incorporation; and number of new businesses as a percentage of existing ones. The Committee made no comments with regard to that area.

10. Finally, regarding the links between the local and the global area, two indicators were proposed, namely: foreign trade as a percentage of GDP; and net labour migration as a percentage of population. The Committee made no comments with regard to that area, as well.

11. The Committee also pointed out that the issue of governance is an important one in the context of indicators. It singled out the following issues:

- Transparency, accountability and participation
- Free press, access of the public to information from the government
- Judicial independence (audit, anti-corruption body)
- How the public sector is controlled and supervised (e.g., court system, audit system and their independence)
- Role of parliamentarians

- Social audit
- How the public participates in the functioning of the public sector
- How representative the public sector is of minorities (marginalized groups, inequalities)
- Satisfaction of citizens. Important factors are: access, equity, quality of service and cost.

12. The Committee also felt that the issue of institutional capacity was an important one. It would thus be interesting to have data on:

- Number of codes of ethics
- Number of investigating committees in parliament
- Human resources development for public sector performance: e.g., average level of education; and percentage of the public sector budget devoted to training public servants.

II. Maximizing value for citizens

13. Societies are charac'erized by two distinct sectors — the public and the private. The public sector is different from the private sector across three main issues: sovereign versus free contract, political versus economic, and monopoly versus competition. On the one hand, government is sovereign, with governmental sovereignty being derived from popular sovereignty, which the citizens give to government, within constitutional limits, in the interest of security and the public good. On the other hand, economic activity in the private sector is regulated by the free contract. However, governmental or public sector decisions are also political decisions. Governmental decisions that are politically popular but bad from an economic standpoint can ensure the re-election of a government official. Nonetheless, decisions that are economically sound but politically unpopular can ensure the end of the political career of that government official. Private sector decisions, however, are decisions that are sound from an economic standpoint regardless of their political impact. Finally, it is important to bear in mind that the public sector is monopolistic, providing essential services, while the private sector is competitive, with alternative sources of supply for the goods and services it produces. Government, in fact, is a particularly effective form of monopoly since: (a) government cannot go out of business. That notion is a recognition of the fact that every citizen, especially the less affluent ones, is a customer for the services provided by the government, since they cannot afford to get those services elsewhere; (b) government controls revenue. That idea implies that if more money is needed to provide a service, government is empowered to raise taxes to that end; and (c) government can spend more than it takes in. Although many subnational governments are legally required to enact balanced budgets, many governmental entities, including federal governments, are not obligated to do so.

14. While, in the private sector, the efficiency of a company is regulated by the amount of competition its products face, which provides an incentive for companies to keep their costs down, governments, in general, lack a thorough understanding of the costs associated with the provision of their operations and tend to focus on monitoring only their expenditures. However, governments can reduce their costs by

adopting the process of activity-based costing (ABC), which is used by the private sector. Through that process, for every identifiable activity of government, the cost of inputs that go into producing that activity is determined. The process accounts for depreciation and other fixed costs.

15. However, simply saving the taxpayers' money is not enough. Government must also respond to citizens' preferences in the effort to maximize value for every tax unit of currency it spends. Because government does not compete for the tax money it spends, it must invent processes to determine preferences which produce desired outputs or outcomes. Such processes may include public opinion surveys, focus groups and, in the case of subnational governments, neighbourhood forums. Maximizing value for citizens entails producing the same outcome at a lower cost, or producing more of a desired outcome at the same cost. Government needs to put citizens first and turn them into customers of government.

16. Reducing the cost of government by downsizing, outsourcing and improving government efficiency is but one of the challenges faced by governments worldwide in their effort to maximize value for citizens. What is equally important, in the process of government reinvention which societies are currently undergoing in building the governance institutions for the twenty-first century, is to implement policies and initiatives to promote transparency and accountability in public administration and policies which foster an environment of trust in the private sector. Public accounting in every country is rather complex and generally accepted accounting methods and procedures can be useful only if management is prepared to produce clear accounts frequently as an ongoing practice. Transparency is thus a key ingredient to building up confidence in government, as well as in the private sector.

17. Monitoring the national public sector in the age of globalization has become a complex task. Globalization has increased the demand for institutional reforms of the private sector, which in turn depends for its competitiveness on the quality and efficiency of the delivery of public services. Globalization has increased the demand for institutions that can help address the issues of promotion of human rights, political and judicial rights, private sector development rights, and income inequality redress and social safety nets. Institutions (rules that shape the behaviour of organizations and individuals in a society) matter for development because they are crucial in determining the viability, as well as efficiency, of both organizations and markets. Institutions determine the dynamics of innovation and the levels of investment in physical and human capital, since it is on the basis of the quality of institutions that economic agents perceive risks and accordingly undertake risks and conduct investments. Finally, institutions are crucial with respect to the production and quality of public goods, such as clean air. Good institutions provide rules that are clear and universal in their application, are widely known, predictable, and properly enforced.

18. Looking at the galaxy of issues where the government can indeed make a big difference in the lives of the public and bearing in mind the advice of the Committee of Experts to be realistic in terms of the number of new indicators to be incorporated into the global public sector monitor, an incremental approach of additional output (outcome) indicators is presented below and designated as tiers 1, 2 and 3.

III. Expanding the United Nations database on the public sector

19. In line with such an approach, the most important indicator, which measures the qualitative aspects of governmental performance, that is put forth for the consideration of the Committee of Experts as a tier 1 supplement to the original five input indicators, is the overall efficiency and accountability of the public sector.

A. Overall efficiency and accountability of public sector financial management

20. Improved efficiency, accountability and transparency in the delivery of public services have become well-known mantras that require little elaboration. The auditing and oversight of government-administered budgets and funds are crucial elements in the effort towards transparency. The existence or lack of provisions for the regular and independent financial audits of governmental and parastatal bodies is therefore a useful overall indicator of evaluating governmental performance. Such an indicator becomes all the more relevant in the context of the so-called New Public Management Model, pioneered by New Zealand, which relies on managerial discretion and accountability, performance contracts and competition for service delivery and is being increasingly used in part or in whole by more developed countries.

21. Within tier 2, the following two indicators are suggested: (a) functioning of the electoral and political system; and (b) functioning of the judicial system.

B. Functioning of the electoral and parliamentary system

22. The demands for the increased effectiveness of parliaments to enable them to perform their legislative and oversight functions, as well as the need for improved accountability and credibility of parliament vis-à-vis its various constituents, are behind the need to reform and improve the institutional capacity of parliamentary structures and processes. The following two indicators could provide useful yardsticks of governmental performance in that area: (a) mechanisms for accountability, such as whether a public accounts committee is in place, to ensure legislative oversight; and (b) the average time taken for the passage of legislation in parliament during the current year.

23. Again, in that area, the increasing demands for improved conformity of the national, legal, institutional and electoral framework with international standards, together with the increasing participation in electoral processes, are behind the need to reform and improve the electoral legislation and institutional capacity of electoral commissions, systems and processes. The following three indicators could be useful in that area: (a) whether an independent electoral management body exists, with the capacity to conduct free and fair elections; (b) whether there is a voter registration system in place that is accessible to all voters; and (c) voter turnout by gender as a percentage of registered voters.

C. Functioning of the judicial system

24. Market development opens social space. The judiciary of a nation performs a set of functions essential to the governmental process: the enforcement of criminal law, the resolution of conflicts between private citizens and those between the citizen and the state and the determination of the law itself. A political system without an effective judicial system is dysfunctional. It is the judicial system which preserves social order, fosters contractual relations and redresses complaints. As economies develop, an increasing number of disputes are related to business deals, property rights, as well as intellectual property rights.

25. Many judicial systems, especially in developing countries, suffer from a lack of resources and procedures for resolving disputes have been cumbersome. In many countries, rising rates of crime, which have negative implications for both political and economic development, have raised concerns about the systems' ineffectual response. Markets also require a judiciary that can quickly and inexpensively resolve contract and property rights disputes. Systematic efforts by many governments have been made towards modernizing their judicial systems. External development agencies have also provided funds and technical assistance to support those systems; but improvements have lagged behind the growing demands placed on an efficient judicial system. Many litigants continue to wait for years for their cases to be heard.

26. It is proposed therefore that judicial output, measured as the ratio of the number of cases pending to the number of cases adjudicated, should be adopted as one of the output indicators of the global public sector monitor. Another indicator of the quality of the judge's decision, which measures the rate of error of lower courts, is the percentage of cases reversed on appeal. Yet another indicator, which measures the integrity of judicial performance, is the number of judges subject to disciplinary action.

27. In tier 3, three indicators are proposed: (a) decentralization of public sector activities and grass-roots involvement; (b) legislating privacy in e-commerce; and (c) a financial sector safety net.

D. Decentralization of public sector activities and grass-roots involvement

28. The worldwide trend towards decentralization of activities has intensified over recent years. As financial and human resources are increasingly mobilized and allocated in support of decentralization and local governance in rural and urban areas, local authorities and communities in rural areas are becoming more directly involved in the planning and management of development activities, including the provision of public services. Moreover, there is an increasing participation of civil society organizations in the formulation and implementation of economic and social programmes at the subnational level. It is also important for governments to increase the level of autonomy given to managers in the lower levels of administrative and operational units in the areas of health, education and social assistance. As the managers' autonomy is gradually increased, they will be able to make decisions regarding the allocation of financial resources.

29. Decentralization and the involvement of local communities in monitoring public services management makes public expenditures more transparent and allows for measuring the management efficiency of each service unit. There is therefore a need for planning and budgetary processes at the subnational level to be reformed so as to incorporate community level perspectives, participation and needs more effectively. The following two indicators could be considered in that area: (a) proportion of total public revenues allocated and managed at the subnational levels; and (b) existence of institutionalized mechanisms for regular consultation between local governments and civil society organizations on economic and social policies and programmes.

E. Legislating privacy in e-commerce[1]

30. The global information era is also having a profound impact on governance. Governments must deal with a complex range of issues, including regulation/deregulation, licensing, providing incentives, thoughtful information technology planning and the management of information assets. However, there will also be a need for local, national and international legislation to provide a regulatory climate in which information-based economies can flourish.

31. In keeping with the motto of putting citizens first, there is an increasing requirement being placed on governments to obtain the individual's consent for the collection, use and disclosure of personal data. Internet-based technologies are driving the need for new measures related to privacy protection involving the use of information for other purposes or the delivery of information to third parties. The ease with which information technologies can aggregate and transmit data has heightened public concerns and, as a result, elevated privacy protection to the top of the public policy agenda. E-businesses can flourish only if there is transparency and predictability between the contracting parties.

32. A national framework for privacy protection also constitutes an important component of competition policy. Establishing a common set of rules via a national framework reduces the costs to business, particularly to small and medium-sized enterprises, and contributes to providing predictability and a level playing field necessary for all participants in the electronic marketplace. It also ensures that the misuse of personal information does not result in a competitive advantage.

33. It is therefore proposed that an indicator of national legislation protecting privacy in e-commerce should be incorporated into the public sector monitor. Such an indicator would assess not only whether national legislation is in place, but also whether the legislation embodies certain key principles, such as: (a) consent (it should be sought at the time of the collection, or at least before use); (b) redress and oversight provisions regarding the mechanisms of enforcement; such provisions would require organizations to designate an official to deal with privacy issues and, if an individual is not adequately satisfied, to ensure there are provisions for resorting to a government designated official who can conduct an investigation; (c) provisions regarding the identification of purposes for which personal information is collected by an organization; (d) provisions regarding an individual's access to information about the individual, as well as the ability of that individual to challenge and amend the information in question; and (e) whether the government has an active programme on educating the public about privacy protection.

F. Financial sector safety net

34. Institutions play an essential role with regard to the performance of the financial sector. That is especially so because of the relevance to the sector of information issues, agency problems, transaction costs and property rights. A well-designed safety net in the financial sector improves social welfare. In the absence of ex-ante provisions for financial sector safety nets, ex-post improvised nets frequently arise, implying massive risk-shifting to the government. Such risk-shifting tends to have substantial social costs through severe incentive distortions in financial markets in the form of runaway moral hazard. Financial safety nets also promote sustainable financial deepening by supporting market-originated discipline. Because a key market failure is the monitoring of banks by depositors, a governmental supervisory agency must monitor banks as the representative of all depositors. Governments in many emerging markets over the past two decades have been forced to bail out banking systems at high public cost. Many governments are at present considering setting up deposit insurance schemes in an effort to increase stability in the banking sector by adding to the implicit sovereign guarantees. Over 70 countries have formal deposit insurance systems, with many of them being established over the last decade. A number of those systems were put into place following a crisis.

35. Deposit insurance has a dual role: protecting depositors from losses in the event of a bank failure and avoiding the externalities of panic deposit withdrawals. An explicit deposit insurance system offers predictability and provides an orderly process for dealing with bank failures. With implicit guarantees, the uncertainty of how depositors will be treated may result in confusion and instability during a crisis. It can also increase moral hazard by leading the government to issue blanket guarantees covering everything and everyone.

36. Recent thinking has emphasized that well-designed, limited, and explicit deposit insurance systems can significantly improve market discipline by facilitating early closure without adding moral hazard, provided that capital and monitoring provisions are adequate. Empirical research has shown that coverage should be relatively low. The World Bank has found that countries with high deposit insurance limits tend to have much more fragile banking systems than countries with low limits. Deposit insurance should be provided for small savers who are not likely to monitor a bank systematically owing to the free-rider problem. The protection of small investors is therefore a politically non-controversial issue. Other depositors should be prepared to live by the principle of caveat emptor. Prudent behaviour by uninsured creditors will result in market discipline, as those depositors will have a greater incentive to monitor their bank and to discipline it by withdrawing their deposits or requiring a premium in interest rates. Bankers are also more likely to behave prudently if they perceive that the probability of being bailed out is not an option.

37. Compulsory membership is essential to deposit insurance systems, as weak banks are likely to participate disproportionately in voluntary systems, resulting in "adverse selection". Funding deposit insurance by way of premiums assessed on the banking sector, which vary according to the riskiness of individual banks, rewards prudent banks. It is also important that regulatory and supervisory systems be in place before countries set up deposit insurance systems. Since bank supervisors are not likely to close an insolvent bank for the simple reason that their role as

perceived by the public is one of preventing banks from going under, thereby putting them in the unenviable position of admitting failure, it is important to organize deposit insurance into a publicly administered agency.

38. The rationale for proposing that an indicator of deposit insurance systems be in place can be easily justified by the public's perception that banks are different from other enterprises. Depositors turn to government when banks fail because the government has licensed banks to accept funds from the public. It is therefore proposed that an indicator on deposit insurance systems should be incorporated into the public service monitor. Such an indicator would assess whether deposit insurance systems are in place and whether deposit insurance is organized into a publicly administered agency, with independence from political interference and powers for early intervention and effective bank-failure resolution.

IV. Recommendations

39. **Based on the foregoing analysis, it is recommended that the global public sector monitor should at a minimum continue to include the following indicators:**

- **Government and public employment as a percentage of population (given the availability of data)**
- **Government consumption as a percentage of GDP**
- **Central government expenditure as a percentage of GDP**
- **Central government expenditures by type and by function, as a percentage of all central government expenditure**
- **Central government tax revenue as a percentage of GDP**

40. **It is also recommended that the Committee approve the addition of one more indicator:**

- **Provisions for the regular and independent financial audits of governmental and parastatal bodies.**

41. **Furthermore, the Committee of Experts is invited to consider constituting during its session a working group to discuss the issue of indicators in more detail, and on the basis of that discussion to select from tiers 2 and 3 any indicators that it deems to be appropriate for inclusion in the public sector monitor.**

Notes

[1] The Division for Public Administration and Development Management in the Department of Economic and Social Affairs of the Secretariat will publish this year the second edition of the global *E-government Survey*, which will calculate the e-government index for the Member States. That publication is planned as an annual effort. The data used for the calculation of the e-government index relate to the broader national information and communication technology environment and as such are relevant to measuring the output side of public sector activities. A verbatim repetition of those indicators in the description of the basic data on the public sector would be redundant. Instead, a summary of the indicators as well as a summary of the conclusions drawn from the analysis of the indicators will be provided in the presentation of basic data on the public sector.

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Enhancing the capacity of public administration to implement the United Nations Millennium Declaration

Strategies for high-quality staffing in the public sector

Summary

The present paper presents critical issues in staffing the public sector relating to performance and to linking public sector human capacity to the achievement of the Millennium development goals, and ultimately sustainable development. The United Nations Committee of Experts on Public Administration is invited to offer advice to Member States and to consider future activities proposed by the United Nations Programme on Public Administration and Finance around this issue.

Although many gains have been made in public administration recently, there has been an erosion, in varying forms, of public sector human capacity in many countries. This erosion is due to a differing mix of converging factors that have diminished the social value placed on the public sector. The net result has been a loss of pride within and credibility outside of the public service, significantly tarnishing the reputation of public sector institutions. For staffing, this translates into less competitiveness for employment in the public than in the private sector, in a labour market subject to regionally diverging demographic trends, more global competition and changing job profiles.

The public sector's compelling need for its fair share of the best talent centres on the challenges of responding effectively to evolving traditional functions of the State, as well as the challenges of globalization and other social changes. The State needs to provide leadership in defining a home-grown governance framework to drive the economic development agenda, to adapt its public policy-making to the forces of globalization, to meet the public's demands for a greater voice and more

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accountability and to be a model employer. In the face of these changes, the core competencies most needed in the public sector, particularly of developing countries, include a committed and principled leadership, informed policy analysis, professional and accountable management and accessible and responsive service delivery. However, a link must be made between the best talent and sound institutional frameworks, within an environment of good governance, for optimal performance. Thus, strengthening public sector human capacity requires a holistic approach and a long-term strategy that are cognizant of the particular situations of individual Member States.

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I. Introduction

1. The purpose of the present paper is to present critical issues in staffing the public sector relating to performance. The United Nations Committee of Experts on Public Administration is invited to offer its views and advice on how to enhance staffing and the human capacity in the public sector, generally, to Member States. The Committee is also invited to prioritize among future activities proposed by the United Nations Programme on Public Administration and Finance, and perhaps to add other activities, so as to best support Member States in these important tasks. At the conclusion of its first meeting, in July 2002, the Committee identified six priority areas in which Member States could build their capacity to implement the Millennium Declaration. Foremost among them was that "The public sector must develop a strategy to recruit and retain its fair share of the best talent".[1]

2. The Committee's conclusions were in response to an increasing global consensus about the urgency of meeting the basic needs of the poorest in our drive for sustainable human development. This concern is reflected in the Millennium development goals[2] and other intergovernmental commitments, such as the Johannesburg Plan of Implementation for sustainable development.[3] The United Nations Millennium Declaration sets out the key objectives for our actions: peace, security and disarmament; development and poverty eradication; environmental protection; human rights, democracy and good governance; protecting the vulnerable; meeting the special needs of Africa; and strengthening the United Nations. At the Johannesburg Summit in 2002, delegates agreed upon a number of important targets and timetables to spur action. On the African continent, leadership has rallied behind the New Partnership for Africa's Development. These are landmark steps towards improving the lives of the people most in need in the world.

3. However, we must acknowledge that such targets will not be reached without sufficient capacities in governance and public administration, particularly in States that are poor in resources. The need for institutional and human resources capacity-building in public administration is therefore more pressing than ever. Sustainable human development cannot be achieved without commitment to poverty reduction and adequate capacity at the national and international levels to reach the Millennium development goals. As the Committee noted in its first report, strengthening good governance is about capacity-building through institutions and people. The knowledge, skills, networks and attitudes of people in the public sector are at the heart of the performance of States, for it is through people and by people that services are planned and delivered, critical innovations conceived and realized and needed reforms carried out.

4. The present paper discusses the various facets of the enormous challenge of ensuring adequate public sector human capacity to fulfil the obligations involved in achieving the Millennium development goals, and ultimately sustainable development. The challenge of recruiting and retaining a fair share of the best talent raises a number of important questions:

- Has there been an erosion of public sector human capacity recently? In what ways has the erosion been manifested? What are the factors that have contributed to the erosion?
- How are labour market conditions affecting the staffing situation in the public sector today, especially in developing countries?

- Why does the public sector need a fair share of the best talent?
- What are the talents or core competencies that are critical to the performance of the public sector?
- What are the environmental factors that affect performance in the public sector? What role does the quality of public institutions and governance play?
- What should be done to strengthen public sector human capacity in Member States?
- What role should the United Nations play in facilitating the necessary capacity-building?

II. Erosion of public sector human capacity?

5. Although many gains have been made in public administration recently, the Committee's foremost concern is that there has been an erosion of public sector human capacity in many countries. This view is echoed by other public administration scholars and practitioners who see the erosion as a creeping crisis. The erosion has taken on differing forms in different countries, including:

- a sheer reduction in the number of public sector personnel
- brain drain to the private sector and more economically advanced countries
- less-than-optimal performance in the public sector due to conflicting directions regarding the core functions of the State, inadequate incentive structures, such as remuneration packages and career opportunities, and laxity in standards of competence and conduct
- a loss of pride within and credibility outside of the public service, influenced by an erroneous perception of the superiority of the private over the public sector, among other factors.

6. These types of erosion have been brought on by a differing mix of converging factors in different countries and regions. Whether intended or not, these factors have resulted in a diminishment of the social value placed on the public sector, with a corresponding ascendancy of the private sector. Reality does not support such a "competitive" approach to the two sectors. Rather, we realize that these two sectors, in partnership with civil society, play distinct but complementary roles in governance. Furthermore, the State, given its entrusted powers, must take leadership in enabling a consensus on a nation's governance framework.

7. The factors include:

- the overall questioning of the role of the State, with many countries adopting or being forced to adopt sudden and significant shifts in core functions in response to globalization
- a deliberate political and/or economic liberalization, moving from a society with an all-encompassing State to a more pluralist and market-based society in transitional countries
- the pressure to make structural adjustments to the public sector due to unsustainable national public debts in many developing countries

- the introduction of private sector management philosophies within public administration in yet other countries
- a gradual decay of national governance structures in stagnating countries.

8. The various combinations of these factors in different countries have also resulted in reforms in the public sector, including:

- retrenchment in public goods and services
- deregulation of many economic sectors
- privatization of many State enterprises
- commercialization of many public services
- simplification of administrative procedures
- public sector personnel reduction, in many instances.

9. As in the case of many reforms, the results have been mixed. However, it is beyond the scope of the present paper to present a detailed balance sheet of the positive and negative impacts on public administration. Suffice it to point out that on the positive side, in many cases:

- the State is no longer considered to be the sole provider of public services
- there is more responsiveness to citizens' needs than before
- fiscal responsibility and discipline, where these have resulted, have taught the public sector that it is possible to provide improved services with fewer resources
- the reforms have sometimes had the effect of improving managerial transparency and accountability
- some of the skills related to private sector management, such as strategic planning and performance management, have been useful in making public sector operations more environmentally sensitive, responsive and global in outlook.

10. However, on the negative side, the impacts include in many instances:

- an erroneous, growing belief in the market as the primary mechanism for efficiently allocating resources in both the private and public spheres, with a corresponding reduction of social recognition for and trust in the public sector, as alluded to above
- a loosening of traditional controls in the public administration, leading to less transparency and accountability, particularly in those cases where such controls were missing or weak to begin with
- increasing politicization and a decline in the professionalism of the public service
- the moral hazard of low public sector remuneration relative to alternative employment options.

11. The net result has been the various types of erosion in public sector human capacity listed above. In particular, the loss of pride within and credibility outside of

the public service has significantly tarnished the reputation of public sector institutions. For staffing, this translates into employment in the public sector becoming less attractive and motivating than in the private sector. What is critical now is that the social value placed on the public sector be restored and the competitiveness of its employer status be reinstated. Without proactively reversing the trend of public sector human capacity erosion, it is impossible for the public sector to attract and retain a fair share of the best talent.

III. Labour market conditions that affect staffing in the public sector

12. In addition to the overall reforms affecting staffing, the public sector — like any other employer — also needs to consider labour market factors such as demographic trends, international migration and health risks that affect overall labour supply and demand within a country.

13. From the labour supply side, we may note demographic trends that characterize the pool of entrants to and those already in the labour force that have implications for staffing in the public sector. For example, many European and other developed countries have an ageing population. This trend has caused a demographic bulge because of the preponderance of members of the post-World War II generation in the public sector, and presents the potential for a mass exodus of public sector employees, particularly at the management level, upon their retirement. This forecast has necessitated calls for succession planning and accelerated training for middle-level managers in many countries. Conversely, most developing countries, especially those in Africa that have experienced severe wars and civil strife, have very young populations. In these situations, the challenge of staffing is to find a sufficient number of experienced senior managers and policy advisers to fulfil all public sector needs. At the same time, it is the duty of both Governments and enterprises to create employment for the young.

14. In addition, countries also face challenges based on the health risks faced by their labour force. One such challenge is HIV/AIDS, which poses a risk to people not only in the public sector but in society as a whole. Because of general socio-economic and health conditions, this challenge is most acute in developing countries. Although the statistical picture of the impact of HIV/AIDS on the capacity of the public sector has not yet been clearly studied, certain trends in society in general may be extrapolated for the public sector. The efforts of many Governments to develop cadres of the best talent in the public sector may yet be undermined by the scourge of HIV/AIDS. In addition to HIV/AIDS, we can also add other pandemics and epidemics to the list of health risks to be managed.

15. From the demand side, globalization has accelerated the international dimension of the competition for educated and skilled labour, often resulting in what is commonly known as brain drain. Simply put, the attraction of higher wages, better career opportunities and improved living conditions often lures away the best and the brightest from developing to developed countries. As the demand increases for specialists with skills highly in demand, such as in information and communication technologies, health sciences, engineering and management, among others, the public sector in developing countries may experience a chronic shortage of competent personnel in these areas. In addition, the very nature of the skills and

knowledge needed in the public sector are shifting everywhere, due to the forces unleashed by globalization and the adoption of new technologies and management techniques.

16. Clearly, the challenges and achievements of staffing in the public sector can be determined only when the status quo in each country or region is examined. However, the difficulty of recruiting, retaining and maintaining productivity levels of competent staff in public sector organizations in many countries, especially developing countries, is being increasingly acknowledged. The biggest worry currently is that the magnitude of the challenge of the Millennium development goals may be beyond the existing levels of skills and resources in the public sector.

IV. Fair share of best talent for a changing State

17. There are many compelling reasons why the public sector needs its fair share of the best talent. They centre on the need for the public sector to respond effectively to evolving traditional functions of the State, as well as the challenges of globalization and other social changes. For these reasons, it is of prime importance that the public sector be able to rely on competent personnel among its ranks. These points are further discussed below.

1. The State provides leadership in enabling the definition of a home-grown governance framework

18. A holistic governance framework requires that all partners develop their capacity equally in order for each to play its role. The goal of defining such a framework is not for one sector to overpower another, but for all sectors to support one another to achieve an optimal balance of power and functions. Nonetheless, we must recognize that the State needs to provide leadership in this process through law-making, regulatory and security-related functions, as it is the ultimate guarantor of life, liberty and property. However, in many developing countries where there are limitations to building up human capacity, many of the reconfigurations of functions have been designed with a strong reliance on foreign experts. This reliance has raised the issue of ownership of such reforms. To ensure their ownership of home-grown reforms, countries should develop the intellectual capacity to design their own reforms at a pace that is in accord with their cultural, political, social and economic environment. It is increasingly emphasized that reforms should be implemented by developing countries, not exported to them. Without the public sector attracting, recruiting, retaining and utilizing the best talent, such a challenge is difficult to meet.

2. There is a strong correlation between an effective public sector and the economic competitiveness of a country

19. Conceptually and in reality, any overemphasis on the role of the private to the detriment of the public sector overlooks the very large role that the latter plays in the economic development of a nation. In many countries, the sheer proportion of the public sector in relation to the overall economy means that its performance and productivity levels will affect prospects for national economic growth and competitiveness. Furthermore, the State sets the direction for a national growth strategy through macroeconomic and fiscal policies, public investment and, often,

incubating new technologies and industries. Even in those countries where the main engines of growth are in the private sector, the State plays an invaluable regulatory role in the economy. Such crucial tasks cannot be undertaken without highly trained and competent individuals.

3. The challenges of globalization are complicating the already complex art and science of public policy-making

20. Globalization — through the increasing interpenetration of markets, the interdependence of sovereign States and the fostering of a civil society at the global level — is bringing home the reality of the notion of the global community. Proponents of globalization have touted its benefits, such as faster economic growth, more economic opportunities and higher standards of living. However, critics of globalization feel that the process is bypassing large swaths of particularly vulnerable populations, both in the North and the South, leaving their plight worse than it was before. Thus, participatory public policy-making, as advocated by the principle of good governance, is more complex than ever before. On the one hand, with the rapid flow of information made possible by a diffusion of information and communication technologies, countries must now draw on an ever-increasing group of stakeholders in their decision-making. On the other, public policy outcomes, both in terms of benefits and losses, can now reach beyond national boundaries. To broker such a multi-tasked and multi-layered process, the public sector needs the services of men and women who have an understanding of the rapid changes brought about by globalization.

4. Public administrations need to adopt more consultative and participatory approaches at all levels to meet the public's demands for a greater voice and more accountability

21. The reality of public administration today is that it is increasingly becoming "public" as opposed to bureaucratic and self-contained. It is through partnerships and the mobilization of all stakeholders at community, local government, national, regional and international levels that countries will be able to hear the voices of all who participate in sustainable human development. Moreover, what distinguishes the public sector from other sectors is its accountability to the public. This accountability requires an efficient management of its limited resources in a way that is wise, focused on the key goals and consistent with the demands of democracy. However, it is not the demands of democracy alone that make the public sector operations unique, but also the fact that they must now reconcile these demands with fundamental private sector values. This situation puts pressure on public sector managers to meet the same efficiency standards as their counterparts in the private sector while still carrying out their operations with consideration for the democratic process.[4] A resulting contradiction is that public management has become more complex, while its human capacity to carry out its functions has been diminishing. Highly competent and credible people who consult and answer for their actions will do much to restore trust in public institutions.

5. The State can be a model employer, setting an example with good practices for others to follow

22. Beyond the needs of strategic leadership and making development policy, we need to note that in most developing countries the State is a critical, if not, the

largest, employer. In this sense, we could say that it is a model employer. What it does or does not do has a far-reaching impact on employment practices in other sectors. It makes labour policies, laws and regulations (including those related to remuneration, social security and working conditions) that are used as guidelines by other sectors. It also sets ethical standards and should lead by example in meeting those standards. In recruitment and promotion it should enshrine equality of opportunity regardless of gender, race, ethnicity or religion for a fair representation of all segments of society.

V. Core competencies for the public sector

23. Beyond sheer numbers, human capacity refers to the knowledge, skills, attitudes, networks and cherished values of people. Any country that seeks to attract and retain its fair share of the best talent in its public sector must first and foremost identify the talents needed. The core competencies needed in the public sector today depend not only on the many traditional State functions but also on the new dimensions of those functions that come with the changes and challenges outlined in the previous section. Clearly, the identification of core competencies also depends on the specific situation of a country. Considering developing countries in particular, we can generalize that the following core competencies are needed in the public sector today:

1. A committed and principled leadership at all levels of the public sector

24. In today's environment, the public sector needs to be led by people capable of coping with the complexity and conflict contained in the context of globalization. They also need to deal with all forms of diversity, including gender, race, ethnicity and religion, often both subnationally and transnationally. The roles and responsibilities for orienting and activating the entire workforce of the public sector in meaningful directions, as well as passing on core values, require a strong, committed and principled leadership. These types of leaders should be found in all parts of the public sector, including elected officials, top bureaucrats, heads of public sector enterprises and holders of top positions in local governments. By "walking the walk", they can nurture an environment within which the overall public service can serve citizens, ensuring fairness, equity and due process and providing a sense of purpose, legitimacy and responsiveness, and an ability to look outward, inward and forward.

2. Informed and consultative policy analysis and development

25. Governance and public administration include the higher-order tasks of providing policy analysis and development that form the basis of blueprints for a society and a nation. One of the primary roles of the public service is to ensure a capacity to develop policies and strategies, forecast and anticipate future trends and react to rapidly changing global and local conditions. Such tasks require that policy analysis and development be carried out by creative and self-critical people who are not afraid to challenge the status quo. They also require that such policy analysts consult those communities that are to be assisted or that will somehow be affected by the policies and ensuing services. Enabling this "co-production" of services with citizens requires good communication skills that involve active listening to

communities through various research methods. It also requires translating those needs into politically workable and economically feasible programmes.

3. Professional and accountable management and administration

26. In order for public policies to be transformed into successful programmes, they need to be managed professionally. The managers and administrators need to adhere to the principles of probity, transparency, accountability, effectiveness, economy and efficiency. These principles apply to all aspects of public management and administration: human resources, finances and information, to name a few. For instance, in many public services in developing countries, positions responsible for forecasting, planning, developing and managing the various resources in the public sector are occupied by individuals who are often insufficiently trained. Consequently, management basics such as maintaining records, processing data and information, efficiently allocating resources, measuring performance, increasing productivity gains and other such tasks can be ignored. The public sector requires professionals capable of adequately managing and carrying out the administration of the public programmes and services.

4. Accessible and responsive provision of public services

27. While skills and knowledge are essential for performing any public sector function, traits such as professionalism and integrity are also integral to providing good services. Health, education, social services, transportation, public works, administration of justice and other public services provide an interface between the State and citizens in everyday life. Generally, it is through this front-line contact that the public primarily forms its opinion about the public sector. However, a lack of professionalism and integrity breeds and sustains corruption and other forms of maladministration that may characterize the public sector of a country. In such situations, many projects and programmes aimed at improving service delivery and reducing poverty miss their objectives because of the diversion or embezzlement of public resources. In order to ensure a fair and efficient delivery of services, it is critical to recruit professional and ethical people and to train them to observe due process in delivering public services.

VI. Improving human capacity in the public sector also requires sound public institutions and good governance

28. However, just having a large number of people with the right core competencies does not necessarily guarantee effective performance. Those people also need to operate within appropriate institutional frameworks. Once a national consensus has been reached on the redefinition of the role of the State, the civil service and other public services, as institutions, need to be buttressed by clearly articulated core public service values and standards. These values and standards may be enshrined in the constitution or other appropriate legislation. But they also need to be practised by all and, particularly, demonstrated by both the political and administrative leadership.

29. Simple and practical management and administrative practices need to be institutionalized so that public sector employees can most effectively and efficiently carry out their duties. In addition, they need to be given proper tools and resources,

in addition to training. The institutions in which they work need to have clear mandates and internal accountability structures. The performance of these institutions also needs to be monitored by a system of legislative, administrative and judicial controls to hold them externally accountable. This implies the existence of functioning legislatures, independent oversight bodies and a judiciary. Once problems have been identified, there has to be political will on the part of the executive to rectify them; and there has to be transparency in all decisions and actions to allow the public to judge for itself the performance of the public sector.

30. In other words, there has to be a national governance system in which there is an acceptable division of power and participation by the people. Therefore, a major part of the effort to reverse the trend of public sector human capacity erosion involves building up institutional capacity. This in turn depends on improvements in the wider governance environment. Without good governance,[5] the best talent cannot be identified, recruited and developed; nor can it be effectively utilized. It is difficult to convince the best swimmers to take a dive into a dirty pool. It is most certainly even harder to retain them there to demonstrate their swimming skills.

31. Public sector institutional reforms do not present themselves in the same way in all countries. There are institutional environments that are conducive to individual initiative and recognize committed work. Others tolerate such a level of performance. But there are still others that repel, repulse or even expel exceptional individuals, perhaps threatened by them. And governance environments that do not recognize the effective rule of law, due process, justice, integrity, transparency and accountability, security of person and property, basic freedoms and human rights can hardly expect to have sound public institutions. In such cases, it is difficult to attract or even effectively utilize the best talent. This is so not only in the public but also in the other sectors. It is not the aim of the present paper to explore extensively the relationship between the wider issues of governance, institutional capacity and staffing in the public sector. However, the link must be made between recruiting the best people for the public sector and the need for strong and credible public institutions, supported by overall good governance.

VII. Conclusion: strengthening public sector human capacity requires a holistic approach

32. Strengthening human capacity in the public sector globally is complex because regions and countries are not homogeneous. Even labour market conditions for the public and private sectors within a single country are not homogeneous. Therefore, there are substantial differences even among categories of skills, calling for differing strategies for staffing.

33. Nonetheless, an overall approach should address the restoration of pride within and the credibility of the public sector. In those cases where poor performance and a negative image push out the best employees while at the same time deterring promising young graduates, efforts to staff the public sector for better performance will be unsuccessful. Improving the performance of the public sector depends on long-term strategies that cannot be put into effect without a sound institutional framework, as mentioned above. A reform of key institutions lends credibility and legitimacy to other reforms. This credibility and legitimacy may not only dispel a

negative image but also boost performance and promote pride in the public sector. Therefore, there has to be a sustained strategy that encompasses aspects of:

- rebuilding trust in the public sector
- recruiting top graduates from universities and tertiary institutions into the public service
- building a fair remuneration system that is not necessarily on a par with the private sector or civil society but that is based on the cost of living, enabling those who choose to dedicate their working life to the public service to have an adequate quality of life.

34. Staffing affects every activity in human resource management. The activities include forecasts of human resource needs, planning, profiles of competencies, selection, recruitment, deployment, development (including training), career management, performance evaluation, discipline, remuneration, promotion and separation, and there is a necessary relationship and interdependence among all of the above. Therefore, what emerges is the need for a holistic approach. Fragmented measures cannot yield the needed results. Staffing for performance in the public sector depends on two critical factors: a long-term strategy and a credible and coherent institutional framework. These factors clearly point to the importance of the specific situation of each country in considering an appropriate human resources management system in the public service. Some countries may prefer the "career system" for public servants; others, the "job system".[6] Between these two approaches, there is a lot of room for creativity and mixing elements that can be designed into a hybrid system to suit a country. However, there are some fundamental components that are common to any workable system, as outlined below:

1. Human resource planning and management systems and units

35. There is a need to have long-term human resource development strategies and plans, based on accurate baseline data and clear forecasts of succession requirements. Within this need, there are a number of issues to consider. The public service is not one but many professions. Therefore, we need to consider having not just one but many strategies to take into account the divergent categories of tasks to be performed. Under an umbrella approach, we can subdivide the task into two broad strategies (themselves divided into a number of sub-strategies): building up a long-term career system and filling short-term needs to have tasks performed. The former supports the authority and the steering role of the State, which relies upon confidentiality, discretion and continuity — traits that are critical determinants of high levels of long-term performance. The latter applies to procuring skills roughly analogous to those used in the private sector, for clearly defined tasks over limited periods of time. This dichotomy re-emphasizes the need to have an appropriate mix, or hybrid, of career system and a job, or employment, system. In order for the planning and management functions to be institutionalized, units and administrative systems need to be put in place, properly resourced and run by human resource management professionals. In many developing countries, this function has been left too much to non-professionals. There should be deliberate and sustained programmes to develop strong cadres of human resource management professionals in the public sector.

2. Professionalizing the public service

36. In order to attract and retain highly educated and skilled people, it is very important for the public service to be professionalized. Such a professionalization needs to start with the application of the merit principle in recruitment and promotions. The merit principle requires that professional qualifications and experience be the foremost criteria for appointments to public positions, rather than political or social affiliations. The observance of such a principle would not threaten the continuity of the public service, as could occur under a "spoils system" after a transition of power. Once professionals have been recruited into the public sector, they should work within an institutional arrangement that challenges and guides them. They need to be protected from sudden political dismissals and interference in their work. High standards of professional competence and conduct should be not only expected but observed. In reality, public services in many developing countries are staffed by people who have not always met the training needs or the accreditation criteria of the professions that are needed to carry out the work. This is especially the case with certain professions such as management, accounting, auditing, engineering and others. This situation may be exacerbated by the political pressures of a spoils system and the social pressures to assist extended families and friends.

3. Incentive structure

37. In promoting the pride of men and women who devote themselves to the public service, we need to bear in mind that social recognition plays an important role. While remuneration is important, it does not work alone as an incentive to release the best performance energies out of the best talent. A related major constraint that we face is the limited financial resources of the public sector, especially in developing and poor countries. This constraint curtails competition with the private sector, which may offer high salaries in order to attract and retain the best personnel. In a situation of abject poverty, as is the case in most poor countries, the image of a starving public servant is unacceptable. However, equally or even more unacceptable is the image of a public servant enjoying a level of living that is far above the standard of living of the country he or she serves. Ways other than seeking to outbid the private sector in terms of salaries should be pursued to attract and retain the best talent in the public sector.

4. Creating the culture of a learning organization

38. The knowledge and skills sets needed by the public sector are evolving so rapidly that the recruitment of the best talent alone is not sufficient. The recruitment must be accompanied by deliberate efforts to continuously develop public sector personnel by creating the culture of a learning organization — the encouragement of updating knowledge, skills and attitudes, according to shifts in needs. To enhance the best talent, human resource development implies a number of strategic actions sustained over a long period. These include:

- ensuring a philosophy and practice of promoting continuous learning in the public service
- building and utilizing high-quality training institutions, including universities that are linked with the public sector

- emphasizing various human resource development approaches other than classroom training, including coaching, teamwork and rotations, among other measures
- ensuring that training is dedicated to building the capacity not just of individuals but rather of entire institutions, bearing in mind that for trained individuals, working in poor institutions is one of the most demotivating factors in the public service.

5. Strategies for tapping the best talent from underrepresented groups

39. In many countries, especially developing countries, there are a number of human resource management practices that increase the chances of leaving some of the best talent in the society unutilized or underutilized. Such practices include discrimination against women, minority groups and people with disabilities. For such talent to be brought in and effectively developed and deployed, the public sector should adopt appropriate equal opportunity policies and practices. Tools and guidelines for effective strategies and policies for managing diversity in the public service should be developed, evaluated and disseminated.

VIII. Role of the United Nations Programme on Public Administration and Finance

40. As illustrated above, the challenge of staffing for performance in the public sector is complex and contingent upon the specificities of local situations. For this reason, it is difficult, and at the same time undesirable, to arrive at universal solutions that apply to all situations.

41. The United Nations Programme on Public Administration and Finance has a mandate, expertise and experience to make a contribution towards supporting Member States in meeting this challenge. This support is all the more crucial with the clock ticking towards the deadlines set for meeting the Millennium development goals. In view of this renewed urgency, the United Nations Committee of Experts on Public Administration is requested to reflect upon and give input with regard to prioritizing the following proposed activities for the Programme:

- **Organizing forums at the regional level, especially for developing countries, to further discuss human resources management in the public sector and develop appropriate solutions. For example, expert group meetings could be organized in regions such as Africa, the Arab world, Latin America, Asia and the Pacific and Central and Eastern Europe, and in small island States, possibly culminating in a global expert group meeting to share the collective experience of the various participating regions**
- **Focusing some technical cooperation activities on this challenge**
- **Commissioning a study on the impact of HIV/AIDS on human resource capacity in the public sector**
- **Devoting the *World Public Sector Report* for 2004 and 2005 to human resource development in the public sector, including further research on**

and discussion of the challenge of recruiting and retaining the best talent in the public sector

- **Creating a hub on the United Nations Online Network on Public Administration and Finance, dedicated to information on human resource development and management**
- **Developing and sharing tools and guidelines (such as regional public service charters and a manual on codes of conduct) among countries**
- **Recognizing and widely publicizing good practices in human resource management through the United Nations Public Service Awards, in order to encourage Member States**
- **Assisting Member States to develop competent leadership cadres in the public sector, especially in developing countries.**

Notes

[1] See *Official Records of the Economic and Social Council, 2002, Supplement No. 24* (E/2002/84-E/CN.16/2002/8), summary. The other five priority areas were public institutions becoming "learning organizations"; harnessing the power of information and communication technologies to support innovation and good governance; aligning financial and management capacities to ensure optimal mobilization and use of resources; designing and implementing effective combinations of decentralization and centralization policies; and basing capacity-building efforts on evidence-based international data.

[2] See General Assembly resolution 55/2, United Nations Millennium Declaration.

[3] See *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

[4] Lennart Gustafsson and Arne Svensson, *Public Sector Reform in Sweden* (Sweden, Liber Ekonomi, 1999), p. 58.

[5] Governance has been defined as a multifaceted compound situation of institutions, systems, structures, processes, procedures, practices, relationships and leadership behaviour in the exercise of social, political, economic, and managerial/administrative authority in the running of public or private affairs, and good governance as the exercise of this authority with the participation, interest and livelihood of the governed as the driving force. (John-Mary Kauzya, "Local Governance Capacity Building for Full range Participation: Concepts, Frameworks, and Experiences in African Countries", in *4th Global Forum on Reinventing Governance: Citizens, Businesses, and Governments: Dialogue and Partnerships for Development and Democracy* (United Nations, New York, 2002), p. 360.

[6] See Jean-Louis Quermonne, *L'appareil administrative de l'État* (Editions du Seuil, Paris, 1991), pp. 137-153.

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Enhancing the capacity of public administration to implement the United Nations Millennium Declaration

Mainstreaming poverty reduction strategies within the Millennium development goals: the role of public administration

Report of the Secretariat**

Summary

The nations of the world, under the umbrella of the United Nations, have consistently perceived the current global concerns as major challenges that need to be met head on with the will and resolution of the international community. One of the central challenges addressed by the Millennium development goals, is the abject and dehumanizing poverty in which more than one billion people are currently confined. Many of these challenges, though immense, are not insurmountable. Weak institutional structures and inadequate capacities of the key stakeholders are the fundamental base where these challenges reside. Institutions with major capacity deficits cannot develop strategies and policies commensurate to the task and their power of execution is anaemic. Weak institutions make poor partners, have inadequate links with their constituents, and are unable to make effective use of advice sought. Hence, all the Millennium development goals, but particularly poverty reduction, depend crucially on the effectiveness and efficiency of institutions, especially at the national level. In addition to the overarching requirement of upgrading capacities, the localization of the goals, their partnering with other major initiatives, and their being set high on the development agenda of countries, with commensurate policy-setting and budgetary resources, are key prerequisites to their future progress.

* E/C.16/2003/1.

** The document was submitted late to the conference services without the explanation required under paragraph 8 of General Assembly resolution 53/208 B, by which the Assembly decided that, if a report is submitted late, the reason should be included in a footnote to the document.

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I. The context

A. The United Nations Millennium Declaration and the Millennium development goals

1. The nations of the world, under the umbrella of the United Nations, have consistently perceived the current global concerns as major challenges that need to be met head on with the will and resolution of the international community. These have been grouped into four major areas of concern[1] for the Organization's work, namely:

(a) The challenge of abject and dehumanizing poverty, in which more than 1 billion people are currently confined;

(b) The challenge of the scourge of war and especially from the violence of civil conflict and the fear of weapons of mass destruction;

(c) The ultimate concern of life on a planet irredeemably spoilt by human activities, and whose resources may no longer provide for human needs;

(d) The immediate concern of a United Nations lacking effective instruments for confronting all three of the above.

2. In 2000, the General Assembly issued one of the most significant set of international commitments through the United Nations Millennium Declaration.[2] In it, Member States committed themselves to a set of Millennium development goals for the first 20 years into the twenty-first century. These goals are the culmination of a series of earlier international commitments, and global summits, including the World Conference on Education for All, United Nations Conferences on the Least Developed Countries, the World Conference on Women and the World Summit for Social Development. What is new about the Millennium development goals is that they have been signed by 189 Member States, with numerical and time-bound objectives.

3. In the final Declaration, the nations at the United Nations Millennium Summit also singled out specific areas that constitute special threats to the social values that need urgent and additional attention. These include:

(a) Human rights, democracy and good governance;

(b) Protecting the vulnerable, namely the children and civilian populations from disproportionate consequences of natural disasters, genocide, armed conflicts and other humanitarian emergencies;

(c) Meeting the special needs of Africa, that is: consolidation of democracy, lasting peace, poverty eradication and sustainable development.

4. In all, there are eight goals, 18 targets and 48 indicators. From the outset, it was stressed that the goals must be nationally led and driven and that these do not displace, but rather, complement, the commitments made earlier.

5. From the few studies undertaken to date, including on the Millennium development goals and Africa, it is already clear that the challenges are immense but not insurmountable. It needs to be stressed that many of these challenges reside in the weak institutional structures and inadequate capacities of the key stakeholders, both Government and civil society, and this is not due purely to resource limitations.

Weak institutions, by definition, are the ones that cannot develop strategies and policies, even when a mandate is given to them, and their powers of execution are either anaemic or lacking. But it goes further than that, for weak institutions do not have strong links with their constituents, clients or stakeholders, are feeble on partnerships and are either not able to make effective use of advice or lack the capacity to respond critically to the advice given. By implication, weak institutions are likely to be a major obstacle in driving, monitoring, partnering or implementing their tasks and responsibilities engendered by the Millennium Declaration and the Millennium development goals process. The strong presumption is that countries with the weakest institutional capacities, particularly on public administration, are also the ones that lag in progress on the development goals. This presumption cannot be supported by any rigorous data from public administration sector reviews, for these are not yet standard exercises and the few that are available are neither comparable nor conclusive.

6. Anecdotal evidence from least developed countries, especially from Africa, and especially related to programmatic support by the United Nations system, time and again points to capacity deficit of institutions as a major constraint in the formulation and execution of programmes and projects. Institutional structures that are weak are not likely to train, or retain, the human resources necessary for the tasks in hand. Finally, weak institutional structures are not very good at partnering, do not respond well to their constituents and are not outwardly focused. It is in this light that institutions and institutional capacities are viewed in the present paper and not in an abstract way devoid of purpose or culture.

B. Review to date

7. Overall, there are problems associated with the scope and universality of the Millennium development goals. It has often been pointed out that some goals, for example, reduction in malaria, may be valuable to some countries, for instance in parts of Asia and sub-Saharan Africa, but not to other countries, including transitional economies. The concept of poverty, that is the internationally set norm of one United States dollar a day, may be valid for least developed countries but not for all Millennium development goal countries. Further, should the goals take into account the distributional impact of the gains within countries as well as the inter-generational impact? These concerns have been expressed both at the national level and at international forums to ensure that the goals retain flexibility and relevance at the country level.[3]

8. First, the goals must be localized, that is, the process must evolve from the international arena to the national processes and priorities. The process itself is of considerable importance, for participation and advocacy is key if the development goals as a process will be understood and shared by national Governments and civil society. The localization of the goals is not purely a matter of setting national targets and national priorities. Their institutional localization is of equal, if not greater, importance. Weak administrative entities are hardly the vehicle to propel and implement the process. Line ministries, including those dealing with the social sectors, are invariably of a lower rank and power than central macroeconomic ministries, including Finance, Planning and the Central Bank. In Sri Lanka, for example, the Ministry of Social Services, which is the focal point for monitoring social development, has neither the professional capacity nor the resources to

undertake its task efficiently and effectively. This is because social sectors have always received low priority, owing to the aggressive reforms aimed at reducing the governmental machinery, and the shortage of public resources which gives priority to the key economic agencies of finance and the Central Bank.

9. Second, the interpretation of the Millennium development goals has a broader scope than any comparable initiative, including poverty reduction strategy papers. In this light, the understanding and instruments used at present, including the poverty reduction strategy paper and the national budget, to tackle key issues, including poverty, are not adequate for the Millennium development goal task.

10. Third, on their own, the goals are very low in the development agenda of individual countries, unless they partner other ongoing initiatives, including national human development reports and especially the poverty reduction strategy papers. However, the latter process is both too narrow and short term, a three-year revolving programme, to accommodate the goals. This collaboration is important for practical as well as conceptual purposes. At the practical level, given the pre-eminence of the poverty reduction strategy papers and the limited capacities of national administrations, the goals have little likelihood of being seriously implemented unless they provide a framework for more targeted and adequately resourced initiatives. At the conceptual level, the purpose is to demonstrate that a key Millennium development goal, such as poverty reduction, is culturally and institutionally bound, and in addition to raising incomes, is associated with a host of other parallel concerns. Further, the manner of approaching these problems is not by imposing conditionalities but by negotiation, collaboration and participation.

11. Fourth, the capacities of countries, and especially the least developed countries, are not sufficiently strong to deal with the complexities and implications engendered by the development goals, even when these are raised as national priorities and on the policy menu of individual countries. In this respect, it has been noted that countries have so many competing demands on their poorly paid and understaffed public servants that the goals do not come as a welcome boon but rather as an additional call on their scarce and ill prepared staff.

12. Fifth, the database for analysis and policy formation at the national level is too weak to enable dealing effectively with the Millennium development goals in the national policy framework. The data often deals with national averages, with little attention to gender, geographic region, or occupational status. It is imperative to know who is being lifted out of poverty even where the national averages show that progress has been made. The response rate by gender, socio-economic status and occupational profile is of importance where priorities are set, or where resources need to be conserved.

C. Demands on public administration

13. What are the demands imposed by the tasks related to following up and implementing the Millennium development goals on the institutional capacities of public administration? It has been pointed out that Governments of developing countries have overwhelming responsibilities and chronic resource constraints, not only in terms of the national political and management responsibilities, but also in terms of responsibilities vis-à-vis the international community. As clearly stated in paragraph 2 of the Millennium Declaration, heads of States recognize that, "in

addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level. As leaders we have a duty therefore to all the world's people, especially the most vulnerable and, in particular, the children of the world, to whom the future belongs".

14. These additional responsibilities, directly related to the implementation of the goals, as written in the Declaration, are not new. Since the signature of the Charter of the United Nations, Member States have been bound by the oversight and rules of the international community, the supranational responsibilities. Globalization has brought in new complexities and responsibilities with which Governments have been increasingly forced to march along, with the standards and pace imposed by this phenomenon. In the latest phase of market-led restructuring, in the early to mid-1990s, public sector reforms were implemented across the board as part of the efforts to reduce the size of the State and privatize much of the parastatal sector, without however raising or improving the incentive structure. The reforms also paved the way for the adoption and consolidation of the market economy as the dominant paradigm for the production and distribution of goods and better windows of opportunities for the bright job seekers. The aftermath of this exercise has been a reduced public administration and, in many countries, the non-intended effect of reduced intellectual capacity. Owing to the aggressive market orientation and so-called decentralization, central agencies, which in the past owned and provided funding to the social development activities, especially at the subregional levels, lost required financial resources and political legitimacy. For example, in China, the central agencies often complain that increasing privatization of health facilities seemed to have not only weakened the supply of health services (especially at the rural level) but also, many subnational agencies which in the past regularly supplied health data to the central agency seemed to have lost the motivation to do so. The actions needed at the country level to localize the Millennium development goals, that is, set them in the national context, can be linked to the development goals and the targets themselves, and the following are based on the United Nations Millennium Declaration and the report of the Secretary-General on a road map towards its implementation (A/56/326).[4]

15. As stated in the road map, it is crucial that the Millennium development goals become national goals and serve to increase the coherence and consistency of national policies and programmes. National ownership of the goals is key to success. While 189 Member States of the United Nations have signed the Millennium Declaration, not all have yet adjusted their national strategies and plans to reflect fully their commitment.[5]

16. In essence, mainstreaming the goal of poverty within the Millennium development goals will require the public administration to be: (a) more engaging and receptive; (b) more skilled and visionary; (c) more open and transparent; (d) more facilitating and guiding; and (e) more just.

17. The central agencies of the Government should be supportive by empowering the line or operational ministries to achieve specific targets, with special impetus. These agencies should develop consensus on a vision, to formulate a long-term strategy in the identified sectors and to coordinate the implementation of that strategy administration-wide. A shift in the mindset of the central clusters' staff

from one of command-and-control to service-orientation, in dealing with line ministries' staff, is also needed.

18. The strategies for moving forward in halving, by the year 2015, the proportion of the world's population whose income is less than one dollar a day and the proportion of people who suffer from hunger, include (a) ensuring support for country-led economic and social initiatives that focus on poverty reduction; (b) strengthening capabilities to provide basic social services; and (c) assisting capacity-building for poverty assessment, monitoring and planning (A/56/326, para. 86).

19. Coordination among public sector institutions is essential in achieving the targets. It is essential to introducing and maintaining effective inter-agency and inter-ministerial cooperation. The central agencies also need a robust common information management system for tracking the overall progress of policy and programme implementation, evaluating the performance of line ministries, providing input into political decision-making and managing accountability of utilized resources.

20. The decentralization process must be made compatible with the Millennium development goals, including strategies not only for adequately resourcing local governments and entities, but also for holding local public institutions accountable for programme operations and outcomes that they must achieve within the framework of the national development strategy. A strong centre, with a relevant enabling environment, is also an essential prerequisite for meaningful and effective decentralization The decentralization process must also include modalities that engage the public administration with the community in a more robust manner.

21. In order for the world to achieve by 2020 a significant improvement in the lives of at least 100 million slum dwellers, actions required, supported by the international community, include, among others, (a) the provision of basic social services, such as safe water and sanitation, to the urban poor; (b) ensuring the development of integrated and participatory approaches to urban environmental planning and management; and (c) ensuring good urban governance and planning by forging public-private partnerships (A/56/326, para. 121).

22. As regards the demands on African countries, the Millennium development goals in general are directed at some key governance areas that deserve particular attention, including: (a) strengthening strategic planning, central guidance and coordination among governance institutions; (b) developing conflict-management institutions; (c) reinforcing local government; (d) ensuring the adherence to the rule of law by strengthening the legislative process and the judiciary and by empowering civil society; and (e) developing leadership skills for envisioning, strategizing and guiding Africa's development within the global arena.

23. Strategically, the best option seems to be to link the goals to both the follow-up of the poverty reduction strategy paper, and the preparation of the national human development report. In the former case, namely the poverty reduction strategy paper, because, one of its most important targets, poverty reduction, is a critical component of the Millennium development goals and, in the latter, because of its advantages in disseminating ideas and information, creating awareness and constituency around critical issues.

24. The international community, that is to say, the United Nations system, must support the integration of the Millennium development goals with the other major initiatives, such as the poverty reduction strategy paper, in particular, by taking into account the differences between these instruments. The poverty reduction strategy paper, on the one hand, is a short and medium-term planning tool linked to financial targets and the budget, while the Millennium development goals respond to long-term needs linked to other critical social and environmental vectors. The Millennium requirements cannot be separated and treated individually. However, they do have a commonality of purpose and a main thrust, which the present paper addresses, namely, how these requirements, individually and as a whole, attack poverty and empower national Governments and civil society, including the private sector, to tackle them.

II. Challenges

A. Taking stock

25. At the outset, it may be worthwhile to recall what is in place, the interim progress made and what is seen as outstanding. This will lead to a discussion of the question of more specific challenges and the role of public administration in this process. In principle, the Millennium development goals are managed and guided by the United Nations Development Group, which is chaired by the Administrator of the United Nations Development Programme (UNDP) and is charged with providing a framework for greater coherence and cooperation in United Nations development operations. United Nations Development Group members provide policy and programme support to more than 150 countries around the world in such areas as poverty, sustainable development, good governance, human rights, child welfare, population and reproductive health, women's rights, food security, human settlements and drug control. Jointly the member agencies and programmes mobilize and deploy more than US$ 5 billion annually in resources for development. The Group is led by an Executive Committee comprising the heads of UNDP, the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA) and the World Food Programme (WFP). In addition to the Executive Committee members, the Group includes other entities, such as the Department of Economic and Social Affairs, the United Nations Conference on Trade and Development, the United Nations Children's Fund, the Food and Agriculture Organization of the United Nations, the United Nations Educational, Scientific and Cultural Organization, the International Fund for Agricultural Development and the United Nations Industrial Development Organization.

26. Under the United Nations Development Group there are three main elements that drive the strategy for the Millennium development goals:

(a) The Millennium Project analyses policy options and is charged with developing a plan for implementing and achieving the Millennium development goals. It is composed of 10 task forces related to the goals and is directed by Professor Jeffrey Sachs of Columbia University;

(b) The Millennium Campaign mobilizes political support for the United Nations Millennium Declaration in both developed and developing countries and is led by Evelyn Herfkens;

(c) Operational country-level activities are coordinated across agencies through UNDP, and the United Nations resident coordinators and help individual countries to implement policies necessary for achieving the Millennium development goals.

27. At the global level, the monitoring of progress for the goals is entrusted to the Statistical Division of the Department of Economic and Social Affairs, and an annual report is prepared for the Secretary-General. The expectation is that, by the end of 2004, every country will have a Millennium development goal report completed, in time for the five-year comprehensive review to be delivered by the Secretary-General. As at September, 2002, 12 countries had prepared a Millennium development goal report, and 40 others were in the process of doing so.[6]

28. In terms of aggregate budgeting, cost estimates by the World Bank, UNICEF and the World Health Organization suggest that meeting most of the Millennium development goals by 2015, including halving extreme poverty, will require an additional US$ 50 billion per year in development assistance. Though this implies doubling current aid levels, it represents around one fifth of 1 per cent of income in donor countries. Major initiatives subsequent to the International Conference on Financing for Development, held in Monterrey, Mexico in 2002, include commitments by the United States of America, of an additional US$ 5 billion, and by the European Union of US$ 7 billion.

29. Official development assistance and debt relief will be indispensable, especially for the least developed countries on the road map to development and fulfilling their Millennium development goal commitments. Total official development assistance at present is about 0.23 per cent, or one third of the agreed target of 0.7 per cent of the combined gross national income of developed countries. The shortfall amounts to about US$ 125 billion per year — or more than twice the additional assistance said to be needed to ensure that the Millennium development goals are secured. It is generally acknowledged that resources alone are unlikely to be sufficient to ensure that poor countries attain the goals, and that capacity-building in all its facets, including institutional, human resources, governance and bridging the digital divide, is a prerequisite for their achievement.[7] Given the likelihood that official development assistance will not increase to the required levels in the immediate future, then the challenge of capacity-building is even more pressing. Although debt relief and trade are other essential adjuncts in support of the Millennium development goals, progress with these, including the Heavily Indebted Poor Countries Initiative, and the World Trade Organization meeting held in Doha in 2002, have not been sufficient to compensate for the other deficits, both institutional and resource-wise. A study of budgetary spending in some 30 developing countries revealed that two thirds of them spend more on debt servicing than on basic social services. In sub-Saharan Africa, Governments spend about twice the amount of money to comply with their financial commitments vis-à-vis external creditors than to comply with their social obligations vis-à-vis the people.[8] The unevenness of progress in securing Millennium development goals to date is well documented, both overall and for sub-Saharan Africa in particular, which provides an additional challenge and concern expressed by the international community and the national Governments.[9]

B. The main challenges

30. The main challenges facing the Millennium development goals are multifaceted, that is, they are economic, social, political and institutional, and are at different levels, namely, national, regional and global. Public administration, and more broadly, governance, constitute in part, the institutions and institutional processes that connect the different facets of the challenge and provides a tangible expression as to how far the commitments go. Markets and institutions are interlinked and, even where markets are said to operate efficiently, an institutional framework is still needed, not only to provide an enabling environment and the ground rules for engagement, but also to bring to the development agenda those concerns, in this case the Millennium development goals, that otherwise the market may miss. In this regard, the observation attributed to Keynes, that the role of the State is not simply to do what the market does, or to compete with the market over the same space, but to do what the market cannot do, including getting a consensus for a social agenda, is still valid. In this, partnerships and partnering, among State, civil society and the private sector, on the one hand, and coordination of different initiatives, including the Millennium development goals, poverty reduction strategy papers, the United Nations Development Assistance Framework and national human development reports, on the other, is by far the most pronounced challenge for the United Nations system.

31. Beginning at the national level, it is critical to support countries to "localize" the Millennium development goals and to formulate the necessary documentation, including the mandated national reports, by late 2004. As seen earlier, the task of formulating goals, has already begun, but the majority of developing countries, especially the least developed countries and in sub-Saharan Africa, have either not done so, or the output to date can be improved. The improvements required are at three levels, as set out below:

(a) First, the adaptation of the international commitments, namely the Millennium development goals, at the national level, and in a manner that reflects their national priorities. Close to this is the development of statistical capacities for policy advice and monitoring of the goals and of the indicators that map their progress. At the country level, the Millennium development goals are coordinated by the United Nations Development Assistance Framework process, on behalf of the United Nations system, and the offices of UNDP and the United Nations resident coordinators are charged with animating the process, advocacy and ensuring that the participation of the relevant United Nations agencies and programmes, is secured. The statistical base for least developed countries, especially in Africa, is very weak for the purposes of formulating and monitoring the goals, and support from the relevant agencies is not yet systematized;

(b) Second, the formulation of a strategy that ensures that the Millennium development goals serve as the driving process of development, and that this is reflected both in the administration and in the resource mobilization and allocation of public expenditure. This is by far the most complex task for, on the one hand, it presupposes a long-term development vision, which was abandoned under the market-led reforms of the 1980s and, on the other, of ensuring that the institutional framework, including the macroeconomic agencies of finance, planning and the central bank, places the Millennium development goals high on their list of priorities and activities;

(c) Third, the partnering of the goals with other ongoing initiatives, such as the poverty reduction strategy paper, the Heavily Indebted Poor Countries and the national human development reports, to ensure that synergies are created and that the Millennium development goals govern the goals, targets and expenditure thrust, of the other initiatives. The other side of the coin, or of partnering, is among the State, civil society and the private sector, not only for purposes of participation, and legitimacy, but because without the support of civil society and the private sector, the likelihood of embedding the goals in the development culture of the country is lessened.

32. The case of Burkina Faso, a very poor country, even by the standards of developing countries, is presented in the following box as an example of how a country, with United Nations system support aims to bridge the gap of the various initiatives and towards the fulfilment of the Millennium development goals. Above all, by pursuing aggressively the modality of participatory approach in poverty analysis and policy options demonstrated public administration's keen commitment to be engaging. This is a good example of value shift in public administration.

Burkina Faso — Towards a synthesis of development initiatives

Burkina Faso is among the countries that are currently expected to face a major challenge in achieving the Millennium development goals. Constraints include a low annual per capita income, around US$ 220, and a human development index rank of 169 out of 173 countries, among the lowest in the world. Over 60 per cent of the population lives below the US$ 1 poverty line, net primary enrolment is estimated at 34 per cent and the ratio of girls to boys in primary and secondary education stands at 66.5 per cent. Under 5 and infant mortality rates are at 205 and 105 per 1,000 live births, respectively.

In 2001 the Government invited the United Nations system, including UNDP and the Department of Economic and Social Affairs, to formulate a project intended to build capacities in the areas of socio-economic governance. Within the overall goal of capacity-building, the project pursues the following objectives: develop a poverty monitoring and analysis system at the national level; develop a poverty monitoring and analysis system at the regional level; prepare a national long-term perspective study, in order to better tackle broader issues that take into account the Millennium development goals; and assist selected ministries involved in the process to build their own capacities.

In addition to UNDP and the Department of Economic and Social Affairs, most of the activities are developed in collaboration with other development partners, including the World Bank, the French Cooperation Agency, the African Development Bank and UNICEF.

The main challenges for the coming years and the progress expected are in the following directions: better use of the poverty reduction strategy paper in allocating budgetary resources to the benefit of the poor; an enhanced participatory process by building capacity for stakeholders; support of the decentralization process and give greater responsibility to the local institutions; deepening of the policy dialogue over the poverty reduction strategy paper and the Millennium development goals and improving the monitoring system and dissemination of information among stakeholders.

Source: Department of Economic and Social Affairs project BKF/00/01.

33. A lesson to be drawn from the example of Burkina Faso is that challenges but also opportunities are considerable, provided the United Nations system acts in unison, alongside national Governments and the rest of the international partners. Moreover, the poverty of a country is not the real obstacle, but rather, the challenge and a platform for the various stakeholders to ensure that their relative competencies and resources are applied in a manner that befits the requirements, both material and human, of the Millennium development goals.

III. Way forward

A. The road map: international implications

34. The road map (A/56/326) provides an outline of the potential strategies for action that are designed to meet the goals and commitments made by the 147 Heads of State and Government and 189 Member States in total, who adopted the United Nations Millennium Declaration. It comprehensively deals with every one of the goals and commitments contained in the Declaration, suggests paths to follow and shares information on "best practices". The sections of the road map deal, in sequence, with

(a) Peace, security and disarmament, where the report outlines measures that will help to promote human security;

(b) Development and poverty eradication: the Millennium development goals, which focuses on sustainable development through poverty eradication, emphasizing the importance of halving the number of people currently living on one dollar a day or less;

(c) Protecting our common environment, which describes the environmental constraints and challenges;

(d) Human rights, democracy and good governance which, inter alia, reaffirms the fundamental human rights, including democratic institutions, empowerment of citizens and genuine political participation;

(e) Protecting the vulnerable, which focuses on those groups, in particular women and children, that are forced into situations of displacement and abuse because of complex humanitarian situations;

(f) Meeting the special needs of Africa, which addresses the challenges posed by extreme poverty, devastating debt burdens, disease, conflict and wavering international interests;

(g) Strengthening the United Nations, which makes the case that renewing the capacity of the Organization to provide space for continuous dialogue and a catalyst for effective action, calling for renewed coordination among its principal organs and enhanced partnerships with other multilateral organizations and civil society.

35. The report concludes with a section entitled "the road ahead", in which it is noted that there will be annual reports and every five years, a comprehensive report on progress made in reaching these goals. The road map may appear daunting but it is consonant with the lofty ideals and objectives contained in the Millennium Declaration. In addition it provides an idea for the challenge ahead for public administration, in the broad sense, if it going to play a key role in the realization of the Millennium development goals. There are, however, a number of developments, and direct implications for public administration that are worth considering.

36. It may be recalled, and as stressed in the road map, that the Millennium development goals are the culmination and distillation of a number of global conferences of the 1990s and from a body of international norms and laws that have been codified over the past half century. In this sense, all the successes and failures experienced in meeting commitments for previous conferences are inherited by the Millennium development goals. This wider perspective must be kept in mind when discussing the particular challenges that face public administration and, more generally, governance, set out below.

37. At the international level, progress with the Millennium development goals will depend not only on the various initiatives already being taken by the United Nations system, including the internal ones managed by the United Nations Development Group, but also those put in place with other partners. The International Conference on Financing for Development and the World Summit on Sustainable Development, held in Johannesburg, South Africa in 2002, not only reaffirmed the United Nations Millennium Declaration and the Millennium development goals, but refined them further and acted as a catalyst in mobilizing resources.

B. The road map: national implications

38. In a modest, but incisive way, the 2002 session of United Nations Committee of Experts on Public Administration brought out a series of reports on building capacities for the Millennium development goals that are catalysing the process at both the national and international levels.[10] Hence, there are a number of initiatives in place, some more targeted than others, where these fit well within the Millennium development goal road map and where coordination can be tightened.

39. A major challenge is how to set the Millennium development goals high in the national strategy domain. Another, and simpler, description of this is how to "localize" the goals. One part of this task is simply to adapt the internationally set Millennium development goals to national requirements and in the national context of priorities. For example, for sub-Saharan Africa, the eradication of Malaria is

extremely important, and the setting of the poverty line to one dollar per day readily acceptable. For other countries, for example, those with economies in transition, neither the malaria Millennium development goal nor the definition of extreme poverty at one dollar or less per day, are very relevant. Hence, the goals must be informed and refined at the national level and within the economic and development parameters of each country. The other related requirement is the formulation of a development vision, or strategy, for the goals that it is "home grown" and set in a milieu that is nationally bred and led. This is an even more engaging challenge than the adaptation of the Millennium development goals, objectives and indicators, in that it implies the design of a development strategy around the goals and the partnering of this strategy with other major initiatives. The way forward suggested is to broaden the existing development vision of countries in a manner that the Millennium development goals can provide its outer layer. Within this the other nationally based initiatives, including the poverty reduction strategy papers, the national human development reports and the United Nations Development Assistance Framework, can fit perfectly well for these will cover a particular subspace of the goals. For example, in comparison to the poverty reduction strategy papers, the Millennium development goals are of a longer duration, as the former are typically on a three-year programming cycle, and the goals treat poverty alongside other objectives. Yet, the partnership with poverty reduction strategy papers is vital both because of resource considerations (they are funded) and because they occupy an institutional seat, including finance and planning ministries, that is of immense importance to the Millennium development goals.

40. This working together with other major initiatives is absolutely necessary, especially for those countries, such as many in sub-Saharan Africa, where institutional and human resource capacities are very weak. The rationale for this partnering is that national administrations are not able to cover too many initiatives separately and simultaneously. Were there to be a contest, or destructive rivalry, between the poverty reduction strategy papers and the Millennium development goals, the latter would likely come out as the loser, not only because of budget considerations, but also because the agencies that make the key decisions, including finance, planning and central banks, are already tied to the poverty reduction strategy papers. Hence, both conceptually, the vision element for Millennium development goals, and to avoid undue competition among major initiatives for national attention and resources, poverty reduction strategy papers and Millennium development goals need to march under the same banner. The partnering of Millennium development goals with other national (e.g. poverty reduction strategy papers or national human development reports) or regional initiatives, requires significant analytical capacity within the public sector to enable envisioning of these linkages.

41. The national human development reports, for example, are an excellent vehicle to play an advocacy and monitoring role for Millennium development goals, or particular concerns associated with them. The Department of Economic and Social Affairs is currently cooperating (see the box below) on formulating a project for sub-Saharan Africa to strengthen national human development reports in three directions. First, in terms of process, second in terms of content and standards and third, in terms of outreach and dissemination. The other strength of national human development reports in support of Millennium development goals is that these have a strong partnering with civil society and bring to the fore development issues and

concerns that the Government entities may miss, or neglect. In terms of synergies and the saving of costs, the human resources mobilized for formulating the national human development reports are the most likely to take also cognizance of the Millennium development goals and the relevance of these objectives to the programme country. Thus, not only are the reports a natural vehicle for development goal advocacy, but the scarce resources usually allocated to contribute to the one, namely, the national human development reports, from the office of the United Nations resident coordinator, or UNDP Resident Representative, are also likely the ones dealing with the orchestration and advocacy of the other, that is, the Millennium development goals.

National human development reports as tools for mainstreaming Millennium development goals

The Department of Economic and Social Affairs, working jointly with UNDP has developed a project in support of the national human development reports in sub-Saharan Africa. It may be recalled that, since the publication of the first report in Bangladesh in 1992, they have grown in number, covering some 135 countries and over 400 reports, and in scope to raise public awareness and stimulate action on human development concerns. Increasingly, the reports are seen as potentially significant avenues for advocacy and for support to the realization of the objectives set by the Millennium development goals. In India for example, the subnational human development reports are becoming a very effective tool for mainstreaming social concerns into the planning and the budgeting process. Similar efforts are also being made by national Governments with UNDP support in several countries in Africa.

Source: Department of Economic and Social Affairs.

C. Conclusions and recommendations

42. **A central challenge is the repositioning of the machinery of the State in line with Millennium development goal requirements. This of course is the core of the various recent reports by the Group of Experts of Public Administration, 2002, noted above.[11] What does this imply? First, it implies overcoming the paradox inherited from the structural adjustment reforms of the 1980s and 1990s of a weak and reduced State at a time when one expects to have a highly performing administration even for purposes of poverty reduction strategy papers alone. Second, it implies a State that reaches out for civil society and private sector involvement as a means of development alliances for specific Millennium development goals. Third, the planning capacity, and with it, the statistical and policy analysis services of national administrations of least developed countries are weak. This was part of the collateral damage of the market-driven reforms of containing the power of the State and the planning machinery.**

43. **A final imperative is the coordination of the various entities of public administration responsible for implementation of the Millennium development goals. These include both the rights-based and the development management-based institutions. The key challenge for the public administration is how to establish linkage between these two, for the former will not be achieved if the rights-based concerns are not operationalized through the latter. It is therefore imperative for the public administration to develop tools, techniques and indeed the capacities to reflect the rights concerned through the planning, budgeting and implementation processes of the development management frameworks.**

44. **Capacity-building of the public administration to advance Millennium development goal mainstreaming is indeed an important element of the development agenda. In the light of the above, normative activities, research and technical cooperation efforts should support developing countries to upgrade capacities, including institutions, human resources and policy advice, focusing on Millennium development goal concerns. The machinery for the global monitoring of Millennium development goals is in place within the Statistical Division of the Department of Economic and Social Affairs, and the first reports have already been released.[12] Initiatives for upgrading capacities for statistical and monitoring purposes are being built through partnerships by the United Nations system and national institutions. One such example is the current project formulated by the Department of Economic and Social Affairs and UNDP to upgrade the capacities for statistical support in sub-Saharan Africa. Beyond these, web sites for dissemination of information and for exchange of experiences are created by different entities and for different purposes.[13] The matter of coordination does not stop there, however, for beyond this there is the perennial challenge of political will committing countries to the Millennium development goals, both as a development vision and as numerical goals and objectives, and to formulating the relevant strategies for their implementation. To this end, it is worth concluding from the road map that: "What is needed, therefore, is not more technical or feasibility studies. Rather, States need to demonstrate the political will to carry out commitments already given and to implement strategies already worked out" (A/56/326, para. 7).**

45. **One may argue that it is early yet, in that we are only in the third year of the new Millennium and the Millennium development goals, including the road map, is for the long haul — tentatively set to 2015. However, it is not early if one considers that the base year for the Millennium development goals is not 2000, but rather 1990, and that in the intervening period, to date, progress is mixed with considerable slippage outside the two most populous countries, China and India, and especially critical in the least developed countries, including Africa. If such progress is to be secured more widely and fairly, the role of public administration as demonstrated above both directly, in terms of institutions, role, functions and processes, and indirectly, in terms of helping to develop a strategic vision around Millennium development goals, or to coordinate the various initiatives, including poverty reduction strategy papers and national human development reports, is indispensable.**

Notes

[1] See the report of the Secretary-General entitled "We the peoples: the role of the United Nations in the twenty-first century" (A/54/2000).

[2] See General Assembly resolution 55/2.

[3] On the complexities of monitoring poverty for the Millennium development goals, see the paper by Professor Angus Deaton entitled "Data for Monitoring the Poverty MDG", January 2003, delivered at United Nations Headquarters, Department of Economic and Social Affairs, on 6 February 2003.

[4] Unless otherwise indicated, the areas have been identified in the report before the Committee of Experts on Public Administration at its first session in July 2002, entitled "The critical role of public administration and good governance in implementing the United Nations Millennium Declaration: institutional capacity development" (E/C.16/2002/4).

[5] United Nations Development Group, "The United Nations and the MDGs — a core strategy", 2002.

[6] The 12 countries that had completed Millennium development goal reports as at September 2002 are: Albania, Bolivia, Cambodia, Cameroon, Chad, Madagascar, Mauritius, Nepal, Poland, Senegal, the United Republic of Tanzania and Viet Nam. Among the 40 countries in the process of completing reports, only four, namely, the Central African Republic, Somalia, South Africa and the Sudan, were reported from sub-Saharan Africa.

[7] In a review of progress with the Millennium development goals, entitled "Are the MDGs Feasible" (UNDP, June 2002), the author of the paper, Jan Vandemoortele, concludes that reaching the Millennium development goals will not only require extra spending, but also better spending. Money alone will not solve the problem; human and institutional capacities need improvement too. However, the argument that existing resources must be used more efficiently first before investing extra money in basic social services misses the point that insufficiencies often create inefficiencies.

[8] Cited by Vandemoortele, ibid.

[9] On the global monitoring of the Millennium development goals, see the report of the Secretary-General on implementation of the United Nations Millennium Declaration (A/57/270), and for Africa in particular, see the report entitled "Development goals in Africa: promises and progress", prepared by UNDP and UNICEF in June, 2002. The overall message of the latter report, which reinforces the Secretary-General's report, is that, despite sporadic progress, sub-Saharan Africa is lagging far behind in its efforts to reach the commitments of the Millennium development goals.

[10] For an overall view, see in particular, the report of the Committee of Experts on Public Administration on the first session, 22 to 26 July 2002, *Official Records of the Economic and Social Council, Supplement No. 24* (E/2002/84). Specific reports issued include: the critical role of public administration and good governance in implementing the United Nations Millennium Declaration: institutional capacity development (E/C.16/2002/4); the critical role of public administration and good governance in implementing the United Nations Millennium Declaration: human resources development (E/C.16/2002/3); report of the Secretariat on the financing capacity of the public sector to implement the United Nations Millennium Declaration (E/C.16/2002/6); report of the Secretariat on the capacity of the public sector to support the creation and application of knowledge, innovation and technology for development (E/C.16/2002/5); report of the Secretariat on the critical role of public administration and good governance in implementing the United Nations Millennium Declaration: e-government, known applications and enabling environment (E/C.16/2002/7).

[11] Documents dealing with capacity-building and the Millennium development goals are E/C.16/2002/2; E/C.16/2002/3, E/C.16/2002/4, E/C.16/2002/5, E/C.16/2002/6 and E/C.16/2002/7.

[12] In particular, see the report of the Secretary-General on implementation of the United Nations Millennium Declaration (A/57/270).

[13] For example, MDG Net is a dedicated service organized by UNDP where practitioners share information and exchange experiences on Millennium development goals, while the site www.UNPAN.org is a network organized by the Department of Economic and Social Affairs that provides most of the documentation on Millennium development goals that has emanated from the Group of Experts on Public Administration.